

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended March 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: **001-16577**

NEW YORK COMMUNITY BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware

06-1377322

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

102 Duffy Avenue, Hicksville, New York

11801

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(516) 683-4100**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	NYCB	New York Stock Exchange
Bifurcated Option Note Unit Securities	NYCB PU	New York Stock Exchange
Depository Shares each representing a 1/40th interest in a share of Fixed-to-Floating Rate Series A Noncumulative Perpetual Preferred Stock	NYCB PA	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Smaller Reporting Company
Non-Accelerated Filer Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares of the registrant's common stock outstanding as of May 5, 2023 was 722,125,703 shares.

NEW YORK COMMUNITY BANCORP, INC.
FORM 10-Q
FOR THE QUARTER ENDED March 31, 2023
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SIGNATURES

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

The following list of abbreviations and acronyms are provided as a tool for the reader and may be used throughout this Report, including the Consolidated Financial Statements and Notes:

Term	Definition	Term	Definition
ACL	Allowance for Credit Losses	FHLB	Federal Home Loan Bank
ADC	Acquisition, development, and construction loan	FHLB-NY	Federal Home Loan Bank of New York
ALCO	Asset and Liability Management Committee	FOAL	Fallout-Adjusted Locks
AOCL	Accumulated other comprehensive loss	FOMC	Federal Open Market Committee
ASC	Accounting Standards Codification	FRB	Federal Reserve Board
ASU	Accounting Standards Update	FRB-NY	Federal Reserve Bank of New York
BaaS	Banking as a Service	Freddie Mac	Federal Home Loan Mortgage Corporation
BOLI	Bank-owned life insurance	FTEs	Full-time equivalent employees
BP	Basis point(s)	GAAP	U.S. generally accepted accounting principles
C&I	Commercial and industrial loan	GLBA	The Gramm Leach Bliley Act
CDS	Certificates of deposit	GNMA	Government National Mortgage Association
CECL	Current Expected Credit Loss	GSE	Government-sponsored enterprises
CFPB	Consumer Financial Protection Bureau	HPI	Housing Price Index
CMOs	Collateralized mortgage obligations	LGG	Loans with government guarantees
CMT	Constant maturity treasury rate	LHFS	Loans Held-for-Sale
CPI	Consumer Price Index	LIBOR	London Interbank Offered Rate
CPR	Constant prepayment rate	LTV	Loan-to-value ratio
CRA	Community Reinvestment Act	MBS	Mortgage-backed securities
CRE	Commercial real estate loan	MSRs	Mortgage servicing rights
DIF	Deposit Insurance Fund	NIM	Net interest margin
DFA	Dodd-Frank Wall Street Reform and Consumer Protection Act	NOL	Net operating loss
DSCR	Debt service coverage ratio	NPAs	Non-performing assets
EAR	Earnings at Risk	NPLs	Non-performing loans
EPS	Earnings per common share	NPV	Net Portfolio Value
ERM	Enterprise Risk Management	NYSE	New York Stock Exchange
ESOP	Employee Stock Ownership Plan	OCC	Office of the Comptroller of the Currency
EVE	Economic Value of Equity at Risk	OREO	Other real estate owned
Fannie Mae	Federal National Mortgage Association	PAA	Purchase accounting adjustments
FASB	Financial Accounting Standards Board	ROU	Right of use asset
FCA	the United Kingdom's Financial Conduct Authority	SBA	Small Business Administration
FDI Act	Federal Deposit Insurance Act	Signature	Signature Bridge Bank, N.A.
FDIC	Federal Deposit Insurance Corporation	SEC	U.S. Securities and Exchange Commission
FHA	Federal Housing Administration	SOFR	Secured Overnight Financing Rate
FHFA	Federal Housing Finance Agency	TDR	Troubled debt restructurings

GLOSSARY

BARGAIN PURCHASE GAIN

The amount by which the fair value of assets purchased exceeds the fair value of liabilities assumed and consideration given.

BASIS POINT

Throughout this filing, the year-over-year changes that occur in certain financial measures are reported in terms of basis points. Each basis point is equal to one hundredth of a percentage point, or 0.01 percent.

BOOK VALUE PER COMMON SHARE

Book value per common share refers to the amount of common stockholders' equity attributable to each outstanding share of common stock, and is calculated by dividing total stockholders' equity less preferred stock at the end of a period, by the number of shares outstanding at the same date.

BROKERED DEPOSITS

Refers to funds obtained, directly or indirectly, by or through deposit brokers that are then deposited into one or more deposit accounts at a bank.

CHARGE-OFF

Refers to the amount of a loan balance that has been written off against the allowance for credit losses.

COMMERCIAL REAL ESTATE LOAN

A mortgage loan secured by either an income-producing property owned by an investor and leased primarily for commercial purposes or, to a lesser extent, an owner-occupied building used for business purposes. The CRE loans in our portfolio are typically secured by either office buildings, retail shopping centers, light industrial centers with multiple tenants, or mixed-use properties.

COST OF FUNDS

The interest expense associated with interest-bearing liabilities, typically expressed as a ratio of interest expense to the average balance of interest-bearing liabilities for a given period.

CRE CONCENTRATION RATIO

Refers to the sum of multi-family, non-owner occupied CRE, and acquisition, development, and construction ("ADC") loans divided by total risk-based capital.

DEBT SERVICE COVERAGE RATIO

An indication of a borrower's ability to repay a loan, the DSCR generally measures the cash flows available to a borrower over the course of a year as a percentage of the annual interest and principal payments owed during that time.

DERIVATIVE

A term used to define a broad base of financial instruments, including swaps, options, and futures contracts, whose value is based upon, or derived from, an underlying rate, price, or index (such as interest rates, foreign currency, commodities, or prices of other financial instruments such as stocks or bonds).

EFFICIENCY RATIO

Measures total operating expenses as a percentage of the sum of net interest income and non-interest income.

GOODWILL

Refers to the difference between the purchase price and the fair value of an acquired company's assets, net of the liabilities assumed. Goodwill is reflected as an asset on the balance sheet and is tested at least annually for impairment.

GOVERNMENT-SPONSORED ENTERPRISES

Refers to a group of financial services corporations that were created by the United States Congress to enhance the availability, and reduce the cost of, credit to certain targeted borrowing sectors, including home finance. The GSEs include, but are not limited to, the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and the Federal Home Loan Banks (the "FHLBs").

GSE OBLIGATIONS

Refers to GSE mortgage-related securities (both certificates and collateralized mortgage obligations) and GSE debentures.

INTEREST RATE SENSITIVITY

Refers to the likelihood that the interest earned on assets and the interest paid on liabilities will change as a result of fluctuations in market interest rates.

INTEREST RATE SPREAD

The difference between the yield earned on average interest-earning assets and the cost of average interest-bearing liabilities.

LOAN-TO-VALUE RATIO

Measures the balance of a loan as a percentage of the appraised value of the underlying property.

MULTI-FAMILY LOAN

A mortgage loan secured by a rental or cooperative apartment building with more than four units.

NET INTEREST INCOME

The difference between the interest income generated by loans and securities and the interest expense produced by deposits and borrowed funds.

NET INTEREST MARGIN

Measures net interest income as a percentage of average interest-earning assets.

NON-ACCRUAL LOAN

A loan generally is classified as a "non-accrual" loan when it is 90 days or more past due or when it is deemed to be impaired because we no longer expect to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, we cease the accrual of interest owed, and previously accrued interest is reversed and charged against interest income. A loan generally is returned to accrual status when the loan is current and we have reasonable assurance that the loan will be fully collectible.

NON-PERFORMING LOANS AND ASSETS

Non-performing loans consist of non-accrual loans and loans that are 90 days or more past due and still accruing interest. Non-performing assets consist of non-performing loans, OREO and other repossessed assets.

OREO AND OTHER REPOSSESSED ASSETS

Includes real estate owned by the Company which was acquired either through foreclosure or default. Repossessed assets are similar, except they are not real estate-related assets.

RENT-REGULATED APARTMENTS

In New York City, where the vast majority of the properties securing our multi-family loans are located, the amount of rent that tenants may be charged on the apartments in certain buildings is restricted under rent-stabilization laws. Rent-stabilized apartments are generally located in buildings with six or more units that were built between February 1947 and January 1974. Rent-regulated apartments tend to be more affordable to live in because of the applicable regulations, and buildings with a preponderance of such rent-regulated apartments are therefore less likely to experience vacancies in times of economic adversity.

TROUBLED DEBT RESTRUCTURING

A loan for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties.

WHOLESALE BORROWINGS

Refers to advances drawn by the Bank against its line(s) of credit with the FHLBs, their repurchase agreements with the FHLBs and various brokerage firms, and federal funds purchased.

YIELD

The interest income associated with interest-earning assets, typically expressed as a ratio of interest income to the average balance of interest-earning assets for a given period.

For the purpose of this Quarterly Report on Form 10-Q, the words "we," "us," "our," and the "Company" are used to refer to New York Community Bancorp, Inc. and our consolidated subsidiary, Flagstar Bank, N.A. (the "Bank").

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING LANGUAGE

This report, like many written and oral communications presented by New York Community Bancorp, Inc. and our authorized officers, may contain certain forward-looking statements regarding our prospective performance and strategies within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of said safe harbor provisions.

Forward-looking statements, which are based on certain assumptions and describe future plans, strategies, and expectations of the Company, are generally identified by use of the words "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "seek," "strive," "try," or future or conditional verbs such as "will," "would," "should," "could," "may," or similar expressions. Although we believe that our plans, intentions, and expectations as reflected in these forward-looking statements are reasonable, we can give no assurance that they will be achieved or realized.

Our ability to predict results or the actual effects of our plans and strategies is inherently uncertain. Accordingly, actual results, performance, or achievements could differ materially from those contemplated, expressed, or implied by the forward-looking statements contained in this report.

There are a number of factors, many of which are beyond our control, that could cause actual conditions, events, or results to differ significantly from those described in our forward-looking statements. These factors include, but are not limited to:

- general economic conditions, including higher inflation and its impacts, either nationally or in some or all of the areas in which we and our customers conduct our respective businesses;
- conditions in the securities markets and real estate markets or the banking industry;
- changes in real estate values, which could impact the quality of the assets securing the loans in our portfolio;
- changes in interest rates, which may affect our net income, prepayment penalty income, and other future cash flows, or the market value of our assets, including our investment securities;
- any uncertainty relating to the LIBOR transition process;
- changes in the quality or composition of our loan or securities portfolios;
- changes in our capital management policies, including those regarding business combinations, dividends, and share repurchases, among others;
- heightened regulatory focus on commercial real estate loan concentrations;
- changes in competitive pressures among financial institutions or from non-financial institutions;
- changes in deposit flows and wholesale borrowing facilities;
- changes in the demand for deposit, loan, and investment products and other financial services in the markets we serve;
- our timely development of new lines of business and competitive products or services in a changing environment, and the acceptance of such products or services by our customers;
- our ability to obtain timely shareholder and regulatory approvals of any merger transactions or corporate restructurings we may propose.;
- our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we may acquire into our operations, and our ability to realize related revenue synergies and cost savings within expected time frames, including our recent acquisition of Flagstar Bancorp, Inc. and the purchase and assumption of certain assets and liabilities of Signature Bridge Bank;
- changes in the estimated fair value of the assets that we recorded in connection with the purchase and assumption of certain assets and liabilities of Signature Bridge Bank;
- potential exposure to unknown or contingent liabilities of companies we have acquired, may acquire, or target for acquisition, including our recent acquisition of Flagstar Bancorp, Inc. and the purchase and assumption of certain assets and liabilities of Signature Bridge Bank;
- the success of our previously announced investment in, and partnership with, Figure Technologies, Inc., a FinTech company focusing on payment and lending via blockchain technology;
- the ability to invest effectively in new information technology systems and platforms;
- changes in future allowance for credit losses requirements under relevant accounting and regulatory requirements;

- the ability to pay future dividends at currently expected rates;
- the ability to hire and retain key personnel;
- the ability to attract new customers and retain existing ones in the manner anticipated;
- changes in our customer base or in the financial or operating performances of our customers' businesses;
- any interruption in customer service due to circumstances beyond our control;
- the outcome of pending or threatened litigation, or of matters before regulatory agencies, whether currently existing or commencing in the future;
- environmental conditions that exist or may exist on properties owned by, leased by, or mortgaged to the Company;
- any interruption or breach of security resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems;
- operational issues stemming from, and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems, on which we are highly dependent;
- the ability to keep pace with, and implement on a timely basis, technological changes;
- changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, and other changes pertaining to banking, securities, taxation, rent regulation and housing (the New York Housing Stability and Tenant Protection Act of 2019), financial accounting and reporting, environmental protection, insurance, and the ability to comply with such changes in a timely manner;
- changes in the monetary and fiscal policies of the U.S. Government, including policies of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System;
- changes in accounting principles, policies, practices, and guidelines;
- changes in regulatory expectations relating to predictive models we use in connection with stress testing and other forecasting or in the assumptions on which such modeling and forecasting are predicated;
- changes to federal, state, and local income tax laws;
- changes in our credit ratings or in our ability to access the capital markets;
- increases in our FDIC insurance premium;
- legislative and regulatory initiatives related to climate change;
- the potential impact to the Company from climate change, including higher regulatory compliance, increased expenses, operational changes, and reputational risks;
- unforeseen or catastrophic events including natural disasters, war, terrorist activities, and the emergence of a pandemic;
- the impacts related to or resulting from Russia's military action in Ukraine, including the broader impacts to financial markets and the global macroeconomic and geopolitical environment;
- the effects of the COVID-19, pandemic; and
- other economic, competitive, governmental, regulatory, technological, and geopolitical factors affecting our operations, pricing, and services.

In addition, the timing and occurrence or non-occurrence of events may be subject to circumstances beyond our control.

Furthermore, on an ongoing basis, we evaluate opportunities to expand through mergers and acquisitions and opportunities for strategic combinations with other banking organizations. Our evaluation of such opportunities involves discussions with other parties, due diligence, and negotiations. As a result, we may decide to enter into definitive arrangements regarding such opportunities at any time.

In addition to the risks and challenges described above, these types of transactions involve a number of other risks and challenges, including:

- the ability to successfully integrate branches and operations and to implement appropriate internal controls and regulatory functions relating to such activities;
- the ability to limit the outflow of deposits, and to successfully retain and manage any loans;
- the ability to attract new deposits, and to generate new interest-earning assets, in geographic areas that have not been previously served;
- our ability to effectively manage liquidity, including our success in deploying any liquidity arising from a transaction into assets bearing sufficiently high yields without incurring unacceptable credit or interest rate risk;
- the ability to obtain cost savings and control incremental non-interest expense;
- the ability to retain and attract appropriate personnel;
- the ability to generate acceptable levels of net interest income and non-interest income, including fee income, from acquired operations;
- the diversion of management's attention from existing operations;
- the ability to address an increase in working capital requirements; and
- limitations on the ability to successfully reposition our post-merger balance sheet when deemed appropriate.

See Part I, Item 1A, Risk Factors, in our Form 10-K for the year ended December 31, 2022 and in this Form 10-Q for a further discussion of important risk factors that could cause actual results to differ materially from our forward-looking statements.

Readers should not place undue reliance on these forward-looking statements, which reflect our expectations only as of the date of this report. We do not assume any obligation to revise or update these forward-looking statements except as may be required by law.

PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

On March 20, 2023, the Bank assumed a substantial amount of the deposits and certain identified liabilities and acquired certain assets and lines of business of Signature Bridge Bank, from the FDIC, as receiver for Signature Bridge Bank (the "Signature Transaction"), pursuant to the terms of the Purchase and Assumption Agreement - All Deposits, dated March 20, 2023, among the FDIC, as receiver of Signature Bridge Bank, the FDIC and the Bank (the "Signature Purchase Agreement"). See Note 3 "Business Combinations" to the Consolidated Financial Statements for further information regarding the Signature Transaction.

For the three months ended March 31, 2023, net income was \$2.0 billion as compared to \$172 million for the three months ended December 31, 2022. Net income available to common stockholders for the three months ended March 31, 2023 was also \$2.0 billion, compared to \$164 million for the three months ended December 31, 2022. Diluted EPS totaled \$2.87 for the three months ended March 31, 2023 compared to \$0.30 for the three months ended December 31, 2022.

First quarter 2023 net income and diluted EPS were impacted by a bargain purchase gain of \$2.0 billion arising from the purchase and assumption of certain assets and liabilities in the Signature Bridge Bank transaction (the "Signature Transaction"). We believe the Signature Transaction strengthens our deposit base, lowers the loan-to-deposit ratio, adds liquidity and provides the opportunity to pay down wholesale funding. It also further diversifies our loan portfolio away from CRE loans and more toward commercial loans and expands our net interest margin. We believe the Signature Transaction will be accretive to both earnings per share and to tangible book value per share while maintaining strong capital ratios.

In addition to the bargain purchase gain, our first quarter 2023 results were impacted by the following items:

- Merger-related and restructuring expenses of \$67 million, comprised of \$40 million for the Flagstar acquisition and \$27 million for the Signature Transaction;
- An initial provision for credit losses totaling \$132 million for the loans acquired from Signature; and
- First full quarter of Flagstar Bank activity to our balance sheet and overall financial results.

Loan Portfolio

At March 31, 2023, total C&I loans were \$23.4 billion compared to \$12.3 billion at December 31, 2022. The majority of the increase is attributable to the \$10 billion of C&I loans acquired in the Signature Transaction. In addition, organic C&I loan growth totaled \$1.1 billion on a linked-quarter basis, largely the result of growth in specialty finance lending and the mortgage warehouse business.

The multi-family loan portfolio was \$38.0 billion at March 31, 2023, down slightly compared to \$38.1 billion at December 31, 2022. The slight decline during the current first quarter was due to a combination of higher interest rates and our loan diversification strategy. At March 31, 2023, multi-family loans represented 46 percent of total loans, compared to 55 percent at December 31, 2022, further reducing our concentration in this asset class.

Commercial loans (commercial real estate and acquisition, development and construction) increased \$2.1 billion at March 31, 2023 to \$12.7 billion compared to \$10.5 billion at December 31, 2022. Of the linked-quarter increase, approximately \$1.9 billion was due to the Signature Transaction and \$230 million was due to organic growth.

One-to-four family residential loans totaled \$5.9 billion at March 31, 2023, representing seven percent of total loans compared to \$5.8 billion or eight percent of total loans at December 31, 2022. Other loans totaled \$2.6 billion at March 31, 2023 compared to \$2.3 billion at December 31, 2022. The other loan portfolio consists mostly of consumer loans.

Loans held-for-sale at March 31, 2023 totaled \$1.3 billion, up from \$1.1 billion at December 31, 2022. Loans related to the Signature Transaction added \$360 million to this growth.

The loans held-for-investment acquired in the Signature transaction are as follows:

	Principal Balance	Carrying Value	Weighted Average Interest		Weighted Average Maturity
			Rate	%	
C&I	\$ 10,608	\$ 10,131	5.76	%	3.85
CRE	2,173	1,915	5.58	%	6.06
Total	<u>\$ 12,781</u>	<u>\$ 12,046</u>	5.73	%	4.23

Of the loans acquired, approximately \$28 million were over 90 days past due or nonaccrual.

Deposit Base

Deposits at March 31, 2023 totaled \$84.8 billion up \$26.1 billion compared to \$58.7 billion at December 31, 2022. The Signature Transaction, contributed \$31.5 billion of deposits as of quarter-end. Our deposits remained stable except for declines of \$5.4 billion due primarily to anticipated spend down in the prepaid debit card program related to the California Middle-Class Tax Relief Program, the reserve account withdrawal from Circle Internet Financial ("Circle"), and seasonality in the mortgage escrow deposits business.

Of the \$5.4 billion decline described above, Banking as a Service ("BaaS") deposits declined \$3.7 billion or 32 percent to \$7.8 billion at March 31, 2023 compared to \$11.5 billion at December 31, 2022. The decrease is attributable to the aforementioned decline in the California Middle-Class Tax Relief Program of approximately \$1.8 billion to \$1.3 billion at March 31, 2023 and a \$2.8 billion decline in the Circle reserve account. At March 31, 2023, the Company no longer has a deposit relationship with Circle and does not have any stablecoin or cryptocurrency-related deposits.

Our deposit base includes \$29.2 billion of uninsured deposits at March 31, 2023 a net increase of \$9.6 billion as compared to December 31, 2022 due to the Signature acquisition. This represents 34.4 percent of our total deposits. We also have \$42 billion (or approximately 1.4 times the uninsured deposits) of total ready liquidity (cash and cash equivalents, unpledged securities, and Fed Funds and FHLB borrowing capacity) reflects a significant amount of liquid assets and sufficient sources of readily-available funds that can be accessed to meet its obligations and unanticipated needs as they arise.

Net Interest Income

For the three months ended March 31, 2023, net interest income totaled \$555 million, up \$176 million or 46 percent compared to the three months ended December 31, 2022. The current quarter's results include a full-quarter's contribution from the Flagstar acquisition along with a partial month related to the Signature Transaction, compared to only a one-month Flagstar contribution in the fourth quarter of last year.

For the three months ended March 31, 2023, the NIM was 2.60 percent up 32 basis points compared to the fourth quarter of last year. The linked-quarter improvement was due to both a higher level of average earnings assets owing to Flagstar being included for the entire quarter compared to only one month during the fourth quarter of last year, along with significantly higher yields on those assets, stemming primarily from the Flagstar acquisition. This was partially offset by a higher cost of funds and higher average interest-bearing liabilities. Average interest-earnings assets increased \$19.9 billion or 30 percent to \$86.7 billion, while the average yield rose 73 basis points to 4.80 percent. Average interest-bearing liabilities grew \$13.8 billion or 24 percent to \$70.2 billion, while the average cost of funds increased 65 basis points to 2.77 percent.

Asset Quality

Our asset quality metrics remained strong during the first quarter of 2023 with increases in NPLs and NPAs attributable to the Signature Transaction. Total NPLs at March 31, 2023 were \$161 million, up \$20 million or 14 percent compared to December 31, 2022. Total NPAs were \$174 million at March 31, 2023, up \$21 million or 14 percent compared to December 31, 2022. Repossessed assets of \$13 million were relatively unchanged compared to the \$12 million recorded in the prior quarter.

At March 31, 2023, NPAs to total assets equaled 14 basis points compared to 17 basis points at December 31, 2022 while NPLs to total loans equaled 20 basis points compared to 20 basis points at December 31, 2022.

Recent Events

Declaration of Dividend on Common Shares

On April 25, 2023, the Company's Board of Directors declared a quarterly cash dividend of \$0.17 per share on the Company's common stock. The dividend is payable on May 18, 2023 to common stockholders of record as of May 8, 2023.

RESULTS OF OPERATIONS

Net Interest Income

Net interest income is our primary source of income. Its level is a function of the average balance of our interest-earning assets, the average balance of our interest-bearing liabilities, and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of our interest-earning assets and our interest-bearing liabilities which, in turn, are impacted by various external factors, including the local economy, competition for loans and deposits, the monetary policy of the FOMC, and market interest rates.

The cost of our deposits and borrowed funds is largely based on short-term rates of interest, the level of which is partially impacted by the actions of the FOMC.

While the target federal funds rate generally impacts the cost of our short-term borrowings and deposits, the yields on our held-for-investment loans and other interest-earning assets are not as sensitive to intermediate-term market interest rates.

Another factor that impacts the yields on our interest-earning assets—and our net interest income—is the income generated by our multi-family and CRE loans and securities when they prepay. Since prepayment income is recorded as interest income, an increase or decrease in its level will also be reflected in the average yields (as applicable) on our loans, securities, and interest-earning assets, and therefore in our net interest income, our net interest rate spread, and our net interest margin.

It should be noted that the level of prepayment income on loans recorded in any given period depends on the volume of loans that refinance or prepay during that time. Such activity is largely dependent on such external factors as current market conditions, including real estate values, and the perceived or actual direction of market interest rates. This impact is most prevalent in our multi-family portfolio. In addition, while a decline in market interest rates may trigger an increase in refinancing and, therefore, prepayment income, so too may an increase in market interest rates. It is not unusual for borrowers to lock in lower interest rates when they expect, or see, that market interest rates are rising rather than risk refinancing later at a still higher interest rate. The impact of prepayments on the current quarter was minimal.

Comparison to Prior Quarter

Net interest income for the three months ended March 31, 2023 was \$555 million, up \$176 million or 46 percent compared to the three months ended December 31, 2022. This quarter's results include a full-quarter's contribution from the Flagstar acquisition compared to only a one-month contribution in the fourth quarter of last year. In addition, the current quarter includes a partial-month contribution from the Signature Transaction.

- Interest income on mortgage and other loans, net, totaled \$867 million, up \$278 million compared to fourth quarter of last year. Interest income also increased across all other categories with securities and income on money market investments up \$75 million. The income on money market investments was primarily due to the higher average balances held at the Federal Reserve.
- Interest income on mortgages and other loans, net was driven by a \$14.8 billion or 26 percent increase in average loan balances to \$70.8 billion. This is due to organic loan growth throughout the quarter and the December acquisition of Flagstar and the March Signature Transaction. Additionally, we had a 72 basis points increase in the average loan yield to 4.92 percent from 4.20 percent in the prior quarter due primarily to the rising interest rate environment.
- Interest income on securities was positively impacted by a 60 basis points increase in the average yield to 3.86% from 3.26% along with a \$1.7 billion or 18.17 percent increase in the average securities balance to \$10.9 billion.

- Interest-earning cash and cash equivalents were positively impacted by a 72 basis points increase in the average yield to 4.96 percent driven by higher short-term market rates, coupled with an increase in the average balance of \$3.3 billion.
- Interest expense on average interest-bearing deposits increased \$83 million to \$283 million during the three months ended March 31, 2023, driven by a 47 basis point increase in the average cost of interest-bearing deposits due to rising interest rates and competition for deposits. Additionally, our average interest earning deposits grew \$7.0 billion, or 16.99 percent, to \$47.9 billion. The balance growth reflects the December acquisition of Flagstar and the March Signature Transaction.
- Interest expense on borrowed funds increased \$94 million or 92 percent to \$196 million driven by a 94-basis point increase in rates in addition to a \$6.8 billion or 44 percent increase in the average balance to \$22.3 billion, partially due to our shift to lower cost deposits.

Comparison to Prior Year Quarter

For the three months ended March 31, 2023, net interest income totaled \$555 million, up \$223 million or 67 percent compared to the three months ended March 31, 2022. This quarter's results include a full-quarter's contribution from the Flagstar acquisition and a partial-month contribution from the Signature Transaction which were not part of the Company in the first quarter of last year.

- Interest income on mortgages and other loans, net was driven by a \$25 billion or 55 percent increase in average loan balances to \$70.8 billion. This is due to organic loan growth and the December acquisition of Flagstar and the March Signature Transaction. Additionally, we had a 149 basis point increase in the average loan yield to 4.92 percent in the current year quarter due primarily to the rising interest rate environment.
- Interest income on securities was positively impacted by a 174 basis point increase in the average yield to 3.86 percent from 2.12 percent along with a \$4.3 billion or 66 percent increase in the average securities balance to \$10.9 billion.
- Interest-earning cash and cash equivalents reflected a 475 basis point increase in the average yield to 4.96 percent driven by higher short-term market rates and an increase in the average balance of \$2.3 billion.
- Interest expense on average interest-bearing deposits increased \$256 million to \$283 million during the three months ended March 31, 2023, driven by a 205 basis point increase in the average cost of interest-bearing deposits due to rising interest rates. Average interest earning deposits grew \$16.8 billion, or 54.22 percent, to \$48 billion. The balance growth primarily reflects the December acquisition of Flagstar and the March Signature Transaction.
- Interest expense on borrowed funds increased \$126 million or 180 percent to \$196 million driven by a 184-basis point increase in rates in addition to a \$5.8 billion or 34.79 percent increase in the average balance to \$22.3 billion.

Net Interest Margin

The following table sets forth certain information regarding our average balance sheet for the periods indicated, including the average yields on our interest-earning assets and the average costs of our interest-bearing liabilities. Average yields are calculated by dividing the interest income produced by the average balance of interest-earning assets. Average costs are calculated by dividing the interest expense produced by the average balance of interest-bearing liabilities. The average balances for the periods are derived from average balances that are calculated daily. The average yields and costs include fees, as well as premiums and discounts (including mark-to-market adjustments from acquisitions), that are considered adjustments to such average yields and costs.

(dollars in millions)	Three Months Ended,								
	March 31, 2023			December 31, 2022			March 31, 2022		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
ASSETS:									
Interest-earning assets:									
Mortgage and other loans and leases , net ⁽¹⁾	\$ 70,774	\$ 867	4.92 %	\$ 55,957	\$ 589	4.20 %	\$ 45,807	\$ 393	3.43 %
Securities ⁽²⁾⁽³⁾	10,850	104	3.86 %	9,182	75	3.26 %	6,538	34	2.12 %
Reverse repurchase agreements	785	11	5.53 %	676	8	4.78 %	292	1	1.12 %
Interest-earning cash and cash equivalents	4,257	52	4.96 %	980	9	4.24 %	1,924	1	0.21 %
Total interest-earning assets	<u>\$ 86,666</u>	<u>\$ 1,034</u>	4.80 %	<u>\$ 66,795</u>	<u>\$ 681</u>	4.07 %	<u>\$ 54,561</u>	<u>\$ 429</u>	3.15 %
Non-interest-earning assets	7,864			5,537			5,533		
Total assets	<u>\$ 94,530</u>			<u>\$ 72,332</u>			<u>\$ 59,894</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY:									
Interest-bearing deposits:									
Interest-bearing checking and money market accounts	\$ 23,098	\$ 157	2.76 %	\$ 20,864	\$ 122	2.31 %	\$ 13,784	\$ 8	0.24 %
Savings accounts	11,093	39	1.44 %	9,605	27	1.10 %	9,208	8	0.35 %
Certificates of deposit	13,712	87	2.57 %	10,478	51	1.94 %	8,070	11	0.53 %
Total interest-bearing deposits	<u>\$ 47,903</u>	<u>\$ 283</u>	2.40 %	<u>\$ 40,947</u>	<u>\$ 200</u>	1.93 %	<u>\$ 31,062</u>	<u>\$ 27</u>	0.35 %
Short term borrowed funds	9,036	103	4.61 %	3,842	39	4.07 %	3,212	3	0.39 %
Other borrowed funds	13,290	93	2.85 %	11,683	63	2.16 %	13,351	67	2.04 %
Total Borrowed funds	<u>\$ 22,326</u>	<u>\$ 196</u>	3.56 %	<u>\$ 15,525</u>	<u>\$ 102</u>	2.62 %	<u>\$ 16,563</u>	<u>\$ 70</u>	1.72 %
Total interest-bearing liabilities	<u>\$ 70,229</u>	<u>\$ 479</u>	2.77 %	<u>\$ 56,472</u>	<u>\$ 302</u>	2.12 %	<u>\$ 47,625</u>	<u>\$ 97</u>	0.82 %
Non-interest-bearing deposits	13,189			7,474			4,397		
Other liabilities	1,939			897			826		
Total liabilities	<u>\$ 85,357</u>			<u>\$ 64,843</u>			<u>\$ 52,848</u>		
Stockholders' equity	9,173			7,489			7,046		
Total liabilities and stockholders' equity	<u>\$ 94,530</u>			<u>\$ 72,332</u>			<u>\$ 59,894</u>		
Net interest income/interest rate spread	<u>\$ 555</u>	<u>2.03 %</u>		<u>\$ 379</u>	<u>1.95 %</u>		<u>\$ 332</u>	<u>2.33 %</u>	
Net interest margin		2.60 %			2.28 %			2.43 %	
Ratio of interest-earning assets to interest-bearing liabilities		1.23 %			1.18			1.15 %	

(1) Amounts are net of net deferred loan origination costs/(fees) and the allowances for loan losses and includes loans held for sale and non-performing loans.

(2) Amounts are at amortized cost.

(3) Includes FHLB stock and FRB stock.

The following table presents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities affected our interest income and interest expense during the periods indicated. Information is provided in each category with respect to (i) the changes attributable to changes in volume (changes in volume multiplied by prior rate); (ii) the changes attributable to changes in rate (changes in rate multiplied by prior volume); and (iii) the net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

(in millions)	Three Months Ended,			Three Months Ended,		
	March 31, 2023 compared to December 31, 2022			March 31, 2023 compared to March 31, 2022		
	Volume	Rate	Net	Volume	Rate	Net
INTEREST-EARNING ASSETS:						
Mortgage and other loans and leases, net	\$ 96	\$ 182	\$ 278	\$ 167	\$ 307	\$ 474
Securities	13	16	29	28	42	70
Reverse repurchase agreements	1	2	3	3	7	10
Interest Earning Cash & Cash Equivalent	2	41	43	22	29	51
Total interest-earning assets	<u>\$ 112</u>	<u>\$ 241</u>	<u>\$ 353</u>	<u>\$ 220</u>	<u>\$ 385</u>	<u>\$ 605</u>
INTEREST-BEARING LIABILITIES:						
Interest-bearing checking and money market accounts	\$ 20	\$ 15	\$ 35	\$ 85	\$ 64	\$ 149
Savings accounts	7	5	12	24	7	31
Certificates of deposit	15	21	36	40	36	76
Short Term Borrowed Funds	4	60	64	65	35	100
Other Borrowed Funds	<u>11</u>	<u>19</u>	<u>30</u>	<u>27</u>	<u>(1)</u>	<u>26</u>
Total interest-bearing liabilities	<u>57</u>	<u>120</u>	<u>177</u>	<u>241</u>	<u>141</u>	<u>382</u>
Change in net interest income	<u>\$ 55</u>	<u>\$ 121</u>	<u>\$ 176</u>	<u>\$ (21)</u>	<u>\$ 244</u>	<u>\$ 223</u>

Comparison to Prior Quarter

The Company's net interest margin for the three months ended March 31, 2023, was 2.60 percent up 32 basis points compared to the three months ended December 31, 2022. The increase was driven by both a higher level of average earnings assets due to Flagstar being included for the entire quarter compared to only one month during the fourth quarter of last year, along with significantly higher yields on those assets. This was partially offset by a higher cost of funds and higher average interest-bearing liabilities.

Average interest-earning assets increased \$19.9 billion or 30 percent to \$86.7 billion, while the average yield rose 73 basis points to 4.80 percent. Average interest-bearing liabilities grew \$13.8 billion or 24 percent to \$70.2 billion, while the average cost of funds increased 65 basis points to 2.77 percent.

Comparison to Prior Year Quarter

The Company's net interest margin for the three months ended March 31, 2023, was 2.60 percent compared to 2.43 percent for the three months ended March 31, 2022. The increase was driven by both a higher level of average earnings assets due to Flagstar being included for the first quarter of 2023, along with significantly higher yields on those assets, stemming primarily from the Flagstar acquisition. This was partially offset by a higher cost of funds and higher average interest-bearing liabilities.

Average interest-earnings assets increased \$32.1 billion or 59 percent to \$86.7 billion, while the average yield increased 165 basis points to 4.80 percent. Average interest-bearing liabilities increased \$22.6 billion or 47 percent to \$70.2 billion, while the average cost of funds increased 195 basis points to 2.77 percent.

Provision (Benefit) for Credit Losses

Comparison to Prior Quarter

The three months ended March 31, 2023, provision for credit losses totaled \$170 million compared to a \$124 million provision for the three months ended December 31, 2022. The first quarter provision for credit losses included a \$132 million initial provision for credit losses related to the initial ACL measurement of non-PCD acquired loans from the Signature Transaction compared to \$117 million during the fourth quarter of last year related to the Flagstar acquisition. The first quarter 2023, also includes a \$20 million provision for losses on Signature debt securities held by the Company and \$18 million primarily related to higher loan volume.

Comparison to Prior Year Quarter

The three months ended March 31, 2023 provision for credit losses was \$170 million compared to a \$2 million benefit for credit losses for the three months ended March 31, 2022.

For additional information about our methodologies for recording recoveries of, and provisions for, loan losses, please refer to Critical Accounting Policies in our Form 10-K for the year ended December 31, 2022, which is available on our website, under the Investor Relations section, or on the website of the Securities and Exchange Commission, at sec.gov.

Non-Interest Income

We generate non-interest income through a variety of sources, including—among others—fee income (in the form of retail deposit fees and charges on loans); income from our investment in BOLI; net return on our MSR asset; net gain on loan sales; and “other” sources, including the revenues produced through the sale of third-party investment products and loan subservicing.

The following table summarizes our non-interest income for the respective periods:

(in millions)	Three Months Ended,		
	March 31, 2023	December 31, 2022	March 31, 2022
Bargain purchase gain	\$ 2,001	\$ 159	\$ —
Fee income	27	10	6
Net return on mortgage servicing rights	22	6	—
Gain on loan sales	20	5	—
Other	11	7	2
BOLI income	10	8	7
Loan administration income	7	3	—
Net (loss) gain on securities	—	—	(1)
Total non-interest income	\$ 2,098	\$ 198	\$ 14

Comparison to Prior Quarter

For the three months ended March 31, 2023, non-interest income totaled \$2.1 billion, which includes a bargain purchase gain of \$2.0 billion related to the Signature Transaction, as compared \$159 million bargain purchase gain recognized in the fourth quarter of 2022 in connection with the Flagstar acquisition.

First quarter 2023 non-interest income includes a gain on loan sales of \$20 million compared to \$5 million during the fourth quarter of last year, with a gain on sale margin of 76 basis points compared to 56 basis points last quarter. The net return on mortgage servicing rights was \$22 million or 8.5% for the first quarter compared to \$6 million or 6.80% for the fourth quarter of last year. Net loan administration income totaled \$7 million for the three months ended March 31, 2023 compared to \$3 million for the three months ended December 31, 2022.

Comparison to Prior Year Quarter

Noninterest income increased \$2.1 billion for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 due to the bargain purchase gain of \$2.0 billion related to the Signature Transaction. Increases in non-interest income were driven by the inclusion of a full-quarter's contribution from the Flagstar acquisition including a \$21 million increase in fee income, net return on mortgage servicing rights of \$22 million, and gain on loan sales of \$20 million..

Non-Interest Expense

Comparison to Prior Quarter

For the three months ended March 31, 2023, non-interest expenses totaled \$476 million, up \$207 million for the quarter ended December 31, 2022. Total operating expenses for the three months ended March 31, 2023 were \$392 million, up \$188 million compared to \$204 million for the three months ended December 31, 2022. For both items, first-quarter 2023 includes a full quarter of Flagstar expenses compared to only one month during fourth-quarter 2022.

Comparison to Prior Year Quarter

Noninterest expense increased \$335 million for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. Excluding merger-related and restructuring expenses and intangible amortization expense, total operating expenses for the three months ended March 31, 2023 were up \$258 million compared to the three months ended March 31, 2023. Both increases were primarily due the inclusion of Flagstar activity.

Income Tax Expense

Comparison to Prior Quarter

For the three months ended March 31, 2023, the provision for income taxes was \$1 million compared \$12 million for the three months ended December 31, 2022. Income tax expense for both the current quarter and the fourth quarter of last year was impacted the Signature Transaction and Flagstar acquisition, respectively.

Comparison to Prior Year Quarter

For the three months ended March 31, 2023, the provision for income taxes was \$1 million, compared to \$52 million for the three months ended March 31, 2022. Income tax expense for the current quarter was impacted by the Signature Transaction.

FINANCIAL CONDITION

Balance Sheet Summary

At March 31, 2023 total assets were \$123.7 billion compared to \$90.1 billion at December 31, 2022 and \$61.0 billion at March 31, 2022. The linked-quarter increase was primarily driven by the Signature Transaction and organic loan growth. The year-over-year increase was due to three factors: organic loan growth, the Flagstar acquisition which closed December 1, 2022, and the Signature Transaction, which closed on March 20, 2023.

The Company acquired approximately \$25 billion of cash, approximately \$12 billion, of loans, net of purchase accounting adjustments ("PAA"), \$34 billion of deposits, net of PAA, and \$3 billion of other liabilities related to the Signature Transaction.

Total loans and leases held for investment were \$82.5 billion at March 31, 2023 compared to \$69.0 billion at December 31, 2022 and \$46.8 billion at March 31, 2022. The increase was driven by the aforementioned loans acquired from the Signature Transaction and \$1.5 billion of organic loan growth.

The securities portfolio totaled \$7.6 billion at March 31, 2023, compared to \$9.1 billion at December 31, 2022 and \$5.6 billion at March 31, 2022. During the month of March 2023, the Company sold approximately \$1.2 billion of mostly U.S. Treasuries and reinvested the proceeds into cash. As of March 31, 2023, the Company has no held-to-maturity securities portfolio and all of the Company's securities were designated as "Available-for-Sale", unchanged from December 31, 2022.

Total deposits at March 31, 2023 were \$84.8 billion compared to \$58.7 billion at December 31, 2022 and \$38.0 billion at March 31, 2022. The sequential quarter increase was driven by the deposits acquired from the Signature Transaction and the annual increase includes the Flagstar acquisition and Signature Transaction.

Wholesale borrowings at March 31, 2023 were \$20.4 billion compared to \$20.3 billion at December 31, 2022 and \$14.7 billion at March 31, 2022.

Loans held-for-investment

The following table summarizes the composition of our loan portfolio:

(dollars in millions)	March 31, 2023		December 31, 2022	
	Amount	Percent of Loans Held for Investment	Amount	Percent of Loans Held for Investment
Mortgage Loans:				
Multi-family	\$38,004	46.0 %	\$ 38,130	55.3 %
Commercial real estate	10,464	12.7 %	8,526	12.4 %
One-to-four family first mortgage	5,934	7.2 %	5,821	8.4 %
Acquisition, development, and construction	2,203	2.7 %	1,996	2.9 %
Total mortgage loans	<u>\$ 56,605</u>	<u>68.6 %</u>	<u>\$ 54,473</u>	<u>78.9 %</u>
Other Loans:				
Commercial and industrial	\$ 23,357	28.3 %	\$ 12,276	17.8 %
Other loans	2,585	3.1 %	2,252	3.3 %
Total other loans held for investment	<u>\$ 25,942</u>	<u>31.4 %</u>	<u>\$ 14,528</u>	<u>21.1 %</u>
Total loans and leases held for investment	<u>\$ 82,547</u>	<u>100.0 %</u>	<u>\$ 69,001</u>	<u>100.0 %</u>
Allowance for credit losses on loans and leases	(550)		(393)	
Total loans and leases held for investment, net	<u>\$ 81,997</u>		<u>\$ 68,608</u>	
Loans held for sale, at fair value	1,305		1,115	
Total loans and leases, net	<u>\$ 83,302</u>		<u>\$ 69,723</u>	

The following table summarizes our production of loans held for investment:

(dollars in millions)	Three Months Ended,					
	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Mortgage Loan Originated for Investment:						
Multi-family	\$ 340	10.4 %	\$ 1,322	29.4 %	\$ 2,410	68.2 %
Commercial real estate	309	9.4 %	348	7.7 %	281	7.9 %
One-to-four family first mortgage	274	8.4 %	171	3.8 %	62	1.8 %
Acquisition, development, and construction	185	5.6 %	67	1.5 %	40	1.1 %
Total mortgage loans originated for investment	<u>\$ 1,108</u>	<u>33.8 %</u>	<u>\$ 1,908</u>	<u>42.4 %</u>	<u>\$ 2,793</u>	<u>79.0 %</u>
Other Loans Originated for Investment:						
Specialty finance	\$ 1,335	40.7 %	\$ 1,926	42.8 %	\$ 638	18.0 %
Commercial and industrial	497	15.2 %	583	13.0 %	102	2.9 %
Other	338	10.3 %	78	1.7 %	2	0.1 %
Total other loans originated for investment	<u>\$ 2,170</u>	<u>66.2 %</u>	<u>\$ 2,587</u>	<u>57.6 %</u>	<u>\$ 742</u>	<u>21.0 %</u>
Total loans originated for investment	<u>\$ 3,278</u>	<u>100.0 %</u>	<u>\$ 4,495</u>	<u>100.0 %</u>	<u>\$ 3,535</u>	<u>100.0 %</u>

Multi-Family Loans

The multi-family loans we produce are primarily secured by non-luxury residential apartment buildings in New York City that feature rent-regulated units and below-market rents.

The multi-family loan portfolio was \$38.0 billion at March 31, 2023, down slightly compared to \$38.1 billion at December 31, 2022. The slight decline during the current first quarter was due to a combination of higher interest rates and our loan diversification strategy.

The majority of our multi-family loans were secured by rental apartment buildings.

At March 31, 2023, \$22 billion or 58 percent of the Company's total multi-family loan portfolio is secured by properties in New York State and, therefore, are subject to the new rent regulation laws. The weighted average LTV of the NYS rent regulated multi-family portfolio was 57.1 percent as of March 31, 2023, compared to a weighted average LTV of 60.5 percent for the multi-family loan portfolio at December 31, 2022.

In addition to underwriting multi-family loans on the basis of the buildings' income and condition, we consider the borrowers' credit history, profitability, and building management expertise. Borrowers are required to present evidence of their ability to repay the loan from the buildings' current rent rolls, their financial statements, and related documents.

While a percentage of our multi-family loans are ten-year fixed rate credits, the vast majority of our multi-family loans feature a term of ten or twelve years, with a fixed rate of interest for the first five or seven years of the loan, and an alternative rate of interest in years six through ten or eight through twelve. The rate charged in the first five or seven years is generally based on intermediate-term interest rates plus a spread.

During the remaining years, the loan resets to an annually adjustable rate that is indexed to CME Term SOFR, plus a spread. Alternately, the borrower may opt for a fixed rate that is tied to the five-year fixed advance rate of the FHLB-NY, plus a spread. The fixed-rate option also requires the payment of one percentage point of the then-outstanding loan balance. In either case, the minimum rate at repricing is equivalent to the rate in the initial five-or seven-year term. As the rent roll increases, the typical property owner seeks to refinance the mortgage, and generally does so before the loan reprices in year six or eight.

Multi-family loans that refinance within the first five or seven years are typically subject to an established prepayment penalty schedule. Depending on the remaining term of the loan at the time of prepayment, the penalties normally range from five percentage points to one percentage point of the then-current loan balance. If a loan extends past the fifth or seventh year and the borrower selects the fixed-rate option, the prepayment penalties typically reset to a range of five points to one point over years six through ten or eight through twelve. For example, a ten-year multi-family loan that prepays in year three would generally be expected to pay a prepayment penalty equal to three percentage points of the remaining principal balance. A twelve-year multi-family loan that prepays in year one or two would generally be expected to pay a penalty equal to five percentage points.

Because prepayment penalties are recorded as interest income, they are reflected in the average yields on our loans and interest-earning assets, our net interest rate spread and net interest margin, and the level of net interest income we record. No assumptions are involved in the recognition of prepayment income, as such income is recorded when the cash is received.

Our success as a multi-family lender partly reflects the solid relationships we have developed with the market's leading mortgage brokers, who are familiar with our lending practices, our underwriting standards, and our long-standing practice of basing our loans on the cash flows produced by the properties. The process of producing such loans is generally four to six weeks in duration and, because the multi-family market is largely broker-driven, the expense incurred in sourcing such loans is substantially reduced.

We believe our underwriting quality of multi-family lending is distinctive. This reflects the nature of the buildings securing our loans, our underwriting process and standards, and the generally conservative LTV ratios our multi-family loans feature at origination. Historically, a relatively small percentage of the multi-family loans that have transitioned to non-performing status have resulted in actual losses, even when the credit cycle has taken a downward turn.

We primarily underwrite our multi-family loans based on the current cash flows produced by the collateral property, with a reliance on the "income" approach to appraising the properties, rather than the "sales" approach. We also consider a variety of other factors, including the physical condition of the underlying property; the net operating income of the mortgaged premises

prior to debt service; the DSCR, which is the ratio of the property's net operating income to its debt service; and the ratio of the loan amount to the appraised value (i.e., the LTV) of the property.

In addition to requiring a minimum DSCR of 120 percent on multi-family buildings, we obtain a security interest in the personal property located on the premises, and an assignment of rents and leases. Our multi-family loans generally represent no more than 75 percent of the lower of the appraised value or the sales price of the underlying property, and typically feature an amortization period of 30 years. In addition, our multi-family loans may contain an initial interest-only period which typically does not exceed two years; however, these loans are underwritten on a fully amortizing basis.

Accordingly, while our multi-family lending niche has not been immune to downturns in the credit cycle, the limited number of losses we have recorded, even in adverse credit cycles, suggests that the multi-family loans we produce involve less credit risk than certain other types of loans. In general, buildings that are subject to rent regulation have tended to be stable, with occupancy levels remaining more or less constant over time. Because the rents are typically below market and the buildings securing our loans are generally maintained in good condition, they have been more likely to retain their tenants in adverse economic times. In addition, we exclude any short-term property tax exemptions and abatement benefits the property owners receive when we underwrite our multi-family loans.

The following table presents a geographical analysis of the multi-family loans in our held-for-investment loan portfolio:

(dollars in millions)	At March 31, 2023			
	Multi-Family Loans			
	Amount	Percent of Total		
New York City:				
Manhattan	\$ 7,243	19	%	
Brooklyn	6,343	17	%	
Bronx	3,669	10	%	
Queens	2,882	8	%	
Staten Island	135	—	%	
Total New York City	\$ 20,272	54	%	
New Jersey	5,094	13	%	
Long Island	561	1	%	
Total Metro New York	\$ 25,927	68	%	
Other New York State	1,205	3	%	
Pennsylvania	3,763	10	%	
Florida	1,689	4	%	
Ohio	982	3	%	
Arizona	437	1	%	
All other states	4,001	11	%	
Total	\$ 38,004	100	%	

Commercial Real Estate

At March 31, 2023, CRE loans represented \$10.5 billion, or 12.7 percent, of total loans held for investment, reflecting a \$2.1 billion increase when compared to \$10.5 billion at December 31, 2022. Approximately \$1.9 billion was due to the Signature Transaction and \$230 million was due to organic growth.

CRE loans represented \$309 million, or 9.43 percent, of the loans we originated in the first quarter 2023, as compared to \$348 million, or 7.74 percent for the three months ended December 31, 2022.

The CRE loans we produce are secured by income-producing properties such as office buildings, retail centers, mixed-use buildings, and multi-tenanted light industrial properties. At March 31, 2023, the largest concentration of CRE loans were secured by properties in the metro New York City area, refer to the Geographical Analysis table included below for additional details.

Approximately \$3.4 billion of the CRE portfolio are office properties with an average balance of approximately \$14.8 million and located primarily in the New York metro area. There are no delinquencies or non-performing loans with respect to this portfolio as of March 31, 2023.

The terms of more than half of our CRE loans are similar to the terms of our multi-family credits which primarily feature a fixed rate of interest for the first five years of the loan that is generally based on intermediate-term interest rates plus a spread. In addition to customary fixed rate terms, we now also offer floating rates advances indexed to CME Term SOFR. These products are generally offered in combination with interest rate cap or swaps that provide borrowers with additional optionality to manage their interest rate risk. Following the initial fixed rate period, the loan resets to an adjustable interest rate that is indexed to CME Term SOFR, plus a spread. Alternately, the borrower may opt for a fixed rate that is tied to the five-year fixed advance rate of the FHLB-NY plus a spread. The fixed-rate option also requires the payment of an amount equal to one percentage point of the then-outstanding loan balance. In either case, the minimum rate at repricing is equivalent to the rate in the initial five- or seven-year term.

Prepayment penalties apply to certain of our CRE loans, as they do our multi-family credits. Depending on the remaining term of the loan at the time of prepayment, the penalties normally range from five percentage points to one percentage point of the then-current loan balance. If a loan extends past the fifth or seventh year and the borrower selects the fixed rate option, the prepayment penalties typically reset to a range of five points to one point over years six through ten or eight through twelve.

The repayment of loans secured by commercial real estate is often dependent on the successful operation and management of the underlying properties. To minimize our credit risk, we originate CRE loans in adherence with conservative underwriting standards, and require that such loans qualify on the basis of the property's current income stream and DSCR. The approval of a loan also depends on the borrower's credit history, profitability, and expertise in property management, and generally requires a minimum DSCR of 130 percent and a maximum LTV of 65 percent. In addition, the origination of CRE loans typically requires a security interest in the fixtures, equipment, and other personal property of the borrower and/or an assignment of the rents and/or leases. In addition, our CRE loans may contain an interest-only period which typically does not exceed three years; however, these loans are underwritten on a fully amortizing basis.

The following table presents a geographical analysis of the CRE loans in our held-for-investment loan portfolio:

(dollars in millions)	At March 31, 2023			
	Commercial Real Estate Loans			
	Amount	Percent of Total		
New York	\$ 5,837	56	%	
Michigan	1,102	11	%	
New Jersey	605	6	%	
Pennsylvania	353	3	%	
Florida	263	3	%	
Ohio	139	1	%	
Arizona	75	1	%	
All other states	2,090	20	%	
Total	\$ 10,464	101	%	

Acquisition, Development, and Construction Loans

At March 31, 2023, our ADC loans represented \$2.2 billion or 2.7%, of total loans held for investment, reflecting an increase \$207 million of compared to December 31, 2022.

Because ADC loans are generally considered to have a higher degree of credit risk, especially during a downturn in the credit cycle, borrowers are required to provide a guarantee of repayment and completion. In the three months ended March 31, 2023 and March 31, 2022, we did not have any ADC loan losses that were recovered through a guarantee. The risk of loss on an ADC loan is largely dependent upon the accuracy of the initial appraisal of the property's value upon completion of construction; the developer's experience; the estimated cost of construction, including interest; and the estimated time to complete and/or sell or lease such property.

When applicable, as a condition to closing an ADC loan, it is our practice to require that properties meet pre-sale or pre-lease requirements prior to funding.

C&I Loans

At March 31, 2023 C&I loans totaled \$23.4 billion or 28.3 percent of total loans held-for-investment. Included in this portfolio is \$5.4 billion in warehouse loans that allow mortgage lenders to fund the closing of residential mortgage loans.

The non-warehouse C&I loans we produce are primarily made to small and mid-size businesses and finance companies. Such loans are tailored to meet the specific needs of our borrowers, and include term loans, demand loans, revolving lines of credit, and, to a much lesser extent, loans that are partly guaranteed by the Small Business Administration.

A broad range of C&I loans, both collateralized and unsecured, are made available to businesses for working capital (including inventory and accounts receivable), business expansion, the purchase of machinery and equipment, and other general corporate needs. In determining the term and structure of C&I loans, several factors are considered, including the purpose, the collateral, and the anticipated sources of repayment. C&I loans are typically secured by business assets and personal guarantees of the borrower, and include financial covenants to monitor the borrower's financial stability.

Also included in our C&I portfolio is our national warehouse lending platform with relationship managers across the country. We offer warehouse lines of credit to other mortgage lenders which allow the lender to fund the closing of residential mortgage loans. Each extension, advance, or draw-down on the line is fully collateralized by residential mortgage loans and is paid off when the lender sells the loan to an outside investor or, in some instances, to the Bank.

Underlying mortgage loans are predominantly originated using the Agencies' underwriting standards. The guideline for debt to tangible net worth is 15 to 1. We have \$5.4 billion outstanding warehouse loans to other mortgage lenders and have relationships in place to lend up to \$11.6 billion at our discretion.

The interest rates on our C&I loans can be fixed or floating, with floating-rate loans being tied to SOFR, prime or some other market index, plus an applicable spread. Our floating-rate loans may or may not feature a floor rate of interest. The decision to require a floor on C&I loans depends on the level of competition we face for such loans from other institutions, the direction of market interest rates, and the profitability of our relationship with the borrower.

At March 31, 2023, specialty finance loans and leases totaled \$4.8 billion or 6 percent of total loans held for investment, up \$428 million or 10 percent compared to December 31, 2022.

We produce our specialty finance loans and leases through a subsidiary that is staffed by a group of industry veterans with expertise in originating and underwriting senior securitized debt and equipment loans and leases. The subsidiary participates in syndicated loans that are brought to them, and equipment loans and leases that are assigned to them, by a select group of nationally recognized sources, and are generally made to large corporate obligors, many of which are publicly traded, carry investment grade or near-investment grade ratings, and participate in stable industries nationwide.

The specialty finance loans and leases we fund fall into three categories: asset-based lending, dealer floor-plan lending, and equipment loan and lease financing. Each of these credits is secured with a perfected first security interest in, or outright ownership of, the underlying collateral, and structured as senior debt or as a non-cancelable lease. As of March 31, 2023, 80 percent of specialty finance loan commitments are structured as floating rate obligations which will benefit in a rising rate environment. All floating rate obligations are being transitioned from LIBOR to an appropriate LIBOR replacement index in accordance with the regulatory guidance provided around LIBOR cessation.

In the first quarter of 2023, the Company originated \$1.3 billion of specialty finance loans and leases, representing 41 percent of total originations compared to \$638 million for the same period in 2022, representing 18 percent of total originations.

Since launching our specialty finance business in the third quarter of 2013, no losses have been recorded on any of the loans or leases in this portfolio.

One-to-Four Family Loans

At March 31, 2023, one-to-four family loans represented \$5.9 billion, including \$1.1 billion of LGG or 8 percent, of total loans held for investment. As of March 31, 2023, the repurchase liability on LGG loans was \$0.3 billion. As of December 31, 2022 total one-to-four family loans totaled \$5.8 billion, with the increase being driven by the Flagstar acquisition. These loans include various types of conforming and non-conforming fixed and adjustable rate loans underwritten using Fannie Mae and Freddie Mac guidelines for the purpose of purchasing or refinancing owner occupied and second home properties. We typically hold certain mortgage loans in LHFI that do not qualify for sale to the Agencies and that have an acceptable yield and risk profile. The LTV requirements on our residential first mortgage loans vary depending on occupancy, property type, loan amount, and FICO scores. Loans with LTVs exceeding 80 percent are required to obtain mortgage insurance. As of March 31, 2023, non-government guaranteed loans in this portfolio had an average current FICO score of 741 and an average LTV of 54 percent.

Substantially all LGG are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs. Nonperforming repurchased loans in this portfolio earn interest at a rate based upon the 10-year U.S. Treasury note rate from the time the underlying loan becomes 60 days delinquent until the loan is conveyed to HUD (if foreclosure timelines are met), which is not paid by the FHA until claimed. The Bank has a unilateral option to repurchase loans sold to GNMA if the loan is due, but unpaid, for three consecutive months (typically referred to as 90 days past due) and can recover losses through a claims process from the guarantor. These loans are recorded in loans held for investment and the liability to repurchase the loans is recorded in other liabilities on the Consolidated Statements of Condition. Certain loans within our portfolio may be subject to indemnifications and insurance limits which expose us to limited credit risk. We have reserved for these risks within other assets and as a component of our ACL on residential first mortgages.

Other Loans

At March 31, 2023, other loans totaled \$2.6 billion and consisted primarily of home equity lines of credit, boat and recreational vehicle indirect lending, point of sale consumer loans and other consumer loans, including overdraft loans.

Our home equity portfolio includes HELOANs, second mortgage loans, and HELOCs. These loans are underwritten and priced in an effort to ensure credit quality and loan profitability. Our debt-to-income ratio on HELOANs and HELOCs is capped at 43 percent and 45 percent, respectively. We currently limit the maximum CLTV to 89.99 percent and FICO scores to a minimum of 700. Second mortgage loans and HELOANs are fixed rate loans and are available with terms up to 20 years. HELOC loans are primarily variable-rate loans that contain a 10-year interest only draw period followed by a 20-year amortizing period. As of March 31, 2023, loans in this portfolio had an average current FICO score of 751.

As of March 31, 2023, loans in our indirect portfolio had an average current FICO score of 747. Point of sale loans consist of unsecured consumer installment loans originated primarily for home improvement purposes through a third-party financial technology company who also provides us a level of credit loss protection.

Loans Held for Sale

Loans held-for-sale at March 31, 2023 totaled \$1.3 billion, up from \$1.1 billion at December 31, 2022. The Signature Transaction added \$360 million Small Business Administration ("SBA") loans to this increase. We classify loans as held for sale when we originate or purchase loans that we intend to sell. We have elected the fair value option for nearly all of this portfolio, except the SBA loans. We estimate the fair value of mortgage loans based on quoted market prices for securities backed by similar types of loans, where available, or by discounting estimated cash flows using observable inputs inclusive of interest rates, prepayment speeds and loss assumptions for similar collateral.

Lending Authority

We maintain credit limits in compliance with regulatory requirements. Under regulatory guidance, the Bank may not make a loan or extend credit to a single or related group of borrowers in excess of 15 percent of Tier 1 plus Tier 2 capital and any portion of the ACL not included in Tier 2 capital. We have a tracking and reporting process to monitor lending concentration levels, and all new commercial real estate credit exposures to relationships that exceed \$200 million and all other commercial credit exposures to relationships that exceed \$100 million must be approved by the Board Credit Committee of the Board. Exceptions to these levels are made to strong borrowers on a case by case basis, with the approval of the Board Credit Committee of the Board. Relationships less than the aforementioned limits are approved by the joint authority of credit officers and lending officers. The Board Credit Committee has authority to direct changes in lending practices as they deem necessary.

or appropriate in order to address individual or aggregate risks and credit exposures in accordance with the Bank's strategic objectives and risk appetites.

At March 31, 2023 and December 31, 2022, the largest mortgage loan in our portfolio was a \$329 million multi-family loan, which is collateralized by properties located in Brooklyn, New York. As of the date of this report, the loan has been current since origination.

Asset Quality

All asset quality information excludes LGG that are insured by U.S government agencies.

The following table presents the Company's asset quality measures at the respective dates:

	March 31, 2023	December 31, 2022	March 31, 2022
Non-performing loans to total loans	0.20 %	0.20 %	0.13 %
Non-performing assets to total assets	0.14	0.17	0.11
Allowance for losses on loans to non-performing loans	340.75	278.98	313.18
Allowance for losses on loans to total loans held for investment	0.67	0.57	0.42

Delinquent and non-performing loans held for investment and Repossessed Assets

The following table presents our loans, 30 to 89 days past due by loan type and the changes in the respective balances:

(dollars in millions)	March 31, 2023					compared to
	March 31, 2023	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022	
Loans 30 to 89 Days Past Due:						
Multi-family	\$ 72	\$ 34	\$ 23	\$ 112	%	213 %
Commercial real estate	15	2	4	650	%	275 %
One-to-four family first mortgage	20	21	7	(5)	%	186 %
Commercial and industrial	57	—	—	NM	NM	
Other loans	11	13	—	(15)	%	NM
Total loans 30-89 days past due	\$ 175	\$ 70	\$ 34	150	%	415 %

A loan generally is classified as a "non-accrual" loan when it is 90 days or more past due or when it is deemed to be impaired because we no longer expect to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, we cease the accrual of interest owed, and previously accrued interest is reversed and charged against interest income. At March 31, 2023, our non-performing loans consisted of \$13 million of loans 90 days or more past due and still accruing and \$148 million were non-accrual loans. At December 31, 2022, all of our non-performing loans were non-accrual loans. A loan is generally returned to accrual status when the loan is current and we have reasonable assurance that the loan will be fully collectible.

We monitor non-accrual loans both within and beyond our primary lending area in the same manner. Monitoring loans generally involves inspecting and re-appraising the collateral properties; holding discussions with the principals and managing agents of the borrowing entities and retain legal counsel, as applicable; requesting financial, operating, and rent roll information; confirming that hazard insurance is in place or force-placing such insurance; monitoring tax payment status; advancing funds as needed; and seeking approval from the courts to appoint a receiver, when necessary to protect the Bank's interests, including to collect rents, manage property operations, and ensure maintenance of the collateral properties.

It is our policy to order updated appraisals for all non-performing loans 90 days or more past due, irrespective of loan type, that are collateralized by multi-family buildings, CRE properties, or land, if the most recent appraisal on file for the property is more than one year old. Appraisals are ordered annually until such time as the loan becomes performing and is returned to accrual status. It is not our policy to obtain updated appraisals for performing loans. However, appraisals may be ordered for performing loans when a borrower requests an increase in the loan amount, a modification in loan terms, or an extension of a maturing loan.

The following table presents our non-performing loans by loan type and the changes in the respective balances:

(dollars in millions)						March 31, 2023 compared to			
	March 31, 2023	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022				
Non-Performing Loans:									
Non-accrual mortgage loans:									
Multi-family	\$ 13	\$ 13	\$ 22	—	(41)%				
Commercial real estate	21	20	35	5	% (40)%				
One-to-four family first mortgage	84	92	—	(9)	% NM				
Total non-accrual mortgage loans	<u>\$ 118</u>	<u>\$ 125</u>	<u>\$ 57</u>	<u>(6)</u>	<u>% NM</u>				
Other non-accrual loans ⁽¹⁾	30	16	6	88	% NM				
Total non-accrual loans	<u>\$ 148</u>	<u>\$ 141</u>	<u>\$ 63</u>	<u>5</u>	<u>% NM</u>				
Loans 90 days or more past due and still accruing ⁽²⁾	13	—	—	NM					
Total non-performing loans	<u>\$ 161</u>	<u>\$ 141</u>	<u>\$ 63</u>	<u>14</u>	<u>% NM</u>				
Repossessed assets	13	12	7	8	% 86 %				
Total non-performing assets	<u>\$ 174</u>	<u>\$ 153</u>	<u>\$ 70</u>	<u>14</u>	<u>% NM</u>				

(1) Includes Commercial and Industrial, Home Equity, Consumer and other loans.

(2) Commercial real estate loans.

The following table sets forth the changes in non-accrual loans over the three months ended March 31, 2023:

(in millions)	
Balance at December 31, 2022	\$ 141
New non-accrual	17
Non-accrual acquired from acquisition	13
Charge-offs	(2)
Transferred to repossessed assets	(1)
Loan payoffs, including dispositions and principal pay-downs	(2)
Restored to performing status	(18)
Balance at March 31, 2023	<u>\$ 148</u>

At March 31, 2023 total non-accrual mortgage loans decreased \$7 million to \$118 million, while other non-accrual loans increased \$14 million to \$30 million compared December 31, 2022. Included in the March 31, 2023 amount were non-accrual loans of \$13 million acquired in the Signature Transaction.

At March 31, 2023, NPAs to total assets equaled 14 basis points compared to 17 basis points at December 31, 2022 while NPLs to total loans equaled 20 basis points compared to 20 basis points at December 31, 2022.

Total NPLs at March 31, 2023 were \$161 million, up \$20 million or 14 percent compared to December 31, 2022, including \$13 million of loans 90 days or greater past due and still accruing acquired in the Signature Transaction. Total NPAs were \$174 million at March 31, 2023, up \$21 million or 14 percent compared to December 31, 2022. Repossessed assets of \$13 million were relatively unchanged compared to the \$12 million recorded in the prior quarter.

Non-performing loans are reviewed regularly by management and discussed on a monthly basis with the Board Credit Committee, and the Board of Directors of the Bank, as applicable. In accordance with our charge-off policy, collateral-dependent non-performing loans are written down to their current appraised values, less certain transaction costs. Workout specialists from our Loan Workout Unit actively pursue borrowers who are delinquent in repaying their loans in an effort to collect payment. In addition, outside counsel with experience in foreclosure proceedings are retained to institute such action with regard to such borrowers.

Properties and other assets that are acquired through foreclosure are classified as repossessed assets, and are recorded at fair value at the date of acquisition, less the estimated cost of selling the property. Subsequent declines in the fair value of the assets are charged to earnings and are included in non-interest expense. It is our policy to require an appraisal and an

environmental assessment of properties classified as OREO before foreclosure, and to re-appraise the properties on an as-needed basis, and not less than annually, until they are sold. We dispose of such properties as quickly and prudently as possible, given current market conditions and the property's condition.

To mitigate the potential for credit losses, we underwrite our loans in accordance with credit standards that we consider to be prudent. In the case of multi-family and CRE loans, we look first at the consistency of the cash flows being generated by the property to determine its economic value using the "income approach," and then at the market value of the property that collateralizes the loan. The amount of the loan is then based on the lower of the two values, with the economic value more typically used.

The condition of the collateral property is another critical factor. Multi-family buildings and CRE properties are inspected from rooftop to basement as a prerequisite to approval. Furthermore, independent appraisers, whose appraisals are carefully reviewed by our experienced in-house appraisal officers and staff, perform appraisals on collateral properties.

In addition, we work with a select group of mortgage brokers who are familiar with our credit standards and whose track record with our lending officers is typically greater than ten years. Furthermore, in New York City, where the majority of the buildings securing our multi-family loans are located, the rents that tenants may be charged on certain apartments are typically restricted under certain rent-control or rent-stabilization laws. As a result, the rents that tenants pay for such apartments are generally lower than current market rents. Buildings with a preponderance of such rent-regulated apartments are less likely to experience vacancies in times of economic adversity.

Reflecting the strength of the underlying collateral for these loans and the collateral structure, a relatively small percentage of our non-performing multi-family loans have resulted in losses over time.

To further manage our credit risk, our lending policies limit the amount of credit granted to any one borrower, and typically require minimum DSCRs of 120 percent for multi-family loans and 130 percent for CRE loans. Although we typically lend up to 75 percent of the appraised value on multi-family buildings and up to 65 percent on commercial properties, the average LTVs of such credits at origination were below those amounts at March 31, 2023. Exceptions to these LTV limitations are minimal and are reviewed on a case-by-case basis.

The repayment of loans secured by commercial real estate is often dependent on the successful operation and management of the underlying properties. To minimize our credit risk, we originate CRE loans in adherence with conservative underwriting standards, and require that such loans qualify on the basis of the property's current income stream and DSCR. The approval of a CRE loan also depends on the borrower's credit history, profitability, and expertise in property management. Given that our CRE loans are underwritten in accordance with underwriting standards that are similar to those applicable to our multi-family credits, the percentage of our non-performing CRE loans that have resulted in losses has been comparatively small over time.

Multi-family and CRE loans are generally originated at conservative LTVs and DSCRs, as previously stated. Low LTVs provide a greater likelihood of full recovery and reduce the possibility of incurring a severe loss on a credit; in many cases, they reduce the likelihood of the borrower "walking away" from the property. Although borrowers may default on loan payments, they have a greater incentive to protect their equity in the collateral property and to return their loans to performing status.

With regard to ADC loans, we typically lend up to 75 percent of the estimated as-completed market value of multi-family and residential tract projects; however, in the case of home construction loans to individuals, the limit is 80 percent. With respect to commercial construction loans, we typically lend up to 65 percent of the estimated as-completed market value of the property. Credit risk is also managed through the loan disbursement process. Loan proceeds are disbursed periodically in increments as construction progresses, and as warranted by inspection reports provided to us by our own lending officers and/or consulting engineers.

To minimize the risk involved in specialty finance lending and leasing, each of our credits is secured with a perfected first security interest or outright ownership in the underlying collateral, and structured as senior debt or as a non-cancellable lease. To further minimize the risk involved in specialty finance lending and leasing, we re-underwrite each transaction. In addition, we retain outside counsel to conduct a further review of the underlying documentation.

Other C&I loans generally represent loans to commercial businesses which meet certain desired client characteristics and credit standards. The credit standards for commercial borrowers are based on numerous criteria, including historical and projected financial information, strength of management, acceptable collateral, and market conditions and trends in the

borrower's industry. These loans are generally variable rate loans in which the interest rate fluctuates with a specified index rate.

The procedures we follow with respect to delinquent loans are generally consistent across all categories, with late charges assessed, and notices mailed to the borrower, at specified dates. We attempt to reach the borrower by telephone to ascertain the reasons for delinquency and the prospects for repayment. When contact is made with a borrower at any time prior to foreclosure or recovery against collateral property, we attempt to obtain full payment, and will consider a repayment schedule to avoid taking such action. Delinquencies are addressed by our Loan Workout Unit and every effort is made to collect rather than initiate foreclosure proceedings.

Fair values for all multi-family buildings, CRE properties, and land are determined based on the appraised value. If an appraisal is more than one year old and the loan is classified as either non-performing or as an accruing TDR, then an updated appraisal is required to determine fair value. Estimated disposition costs are deducted from the fair value of the property to determine estimated net realizable value. In the instance of an outdated appraisal on an impaired loan, we adjust the original appraisal by using a third-party index value to determine the extent of impairment until an updated appraisal is received.

While we strive to originate loans that will perform fully, adverse economic and market conditions, among other factors, can negatively impact a borrower's ability to repay. Historically, our level of net charge-offs has been relatively low in downward credit cycles, even when the volume of non-performing loans has increased. For the three months ended March 31, 2023, our net charge-offs were zero as compared to net charge-offs of \$2 million over the same period in 2022.

The allowance for credit losses increased \$157 million, equaling \$550 million at March 31, 2023 from \$393 million at December 31, 2022. The majority of the increase was related to the initial provision for credit losses of \$132 million for the acquired loans in the Signature Transaction and an \$18 million provision for loan losses primarily related to higher loan volume. The allowance for credit losses on loans and leases represented 341 percent of non-performing loans at March 31, 2023, as compared to 279 percent at the prior year-end.

Based upon all relevant and available information at March 31, 2023, management believes that the allowance for losses on loans was appropriate at that date.

The following table presents information on the Company's net charge-offs as compared to average loans outstanding:

(dollars in millions)	Three Months Ended,	
	March 31, 2023	March 31, 2022
Multi-family		
Net charge-offs (recoveries) during the period	\$ —	\$ —
Average amount outstanding	\$ 37,906	\$ 34,799
Net charge-offs (recoveries) as a percentage of average loans	— %	— %
Commercial real estate		
Net charge-offs (recoveries) during the period	\$ —	\$ 4
Average amount outstanding	\$ 8,450	\$ 6,670
Net charge-offs (recoveries) as a percentage of average loans	— %	0.06 %
One-to-Four Family first mortgage		
Net charge-offs (recoveries) during the period	\$ 2	\$ —
Average amount outstanding	\$ 5,895	\$ 152
Net charge-offs (recoveries) as a percentage of average loans	— %	— %
Acquisition, Development and Construction		
Net charge-offs (recoveries) during the period	\$ —	\$ —
Average amount outstanding	\$ 2,110	\$ 224
Net charge-offs (recoveries) as a percentage of average loans	— %	— %
Other Loans		
Net charge-offs (recoveries) during the period	\$ (2)	\$ (2)
Average amount outstanding	\$ 16,412	\$ 3,962
Net charge-offs (recoveries) as a percentage of average loans	(0.01)%	(0.05)%
Total loans		
Net charge-offs (recoveries) during the period	\$ —	\$ 2
Average amount outstanding	\$ 70,774	\$ 45,807
Net charge-offs (recoveries) as a percentage of average loans	— %	— %

Securities

Total securities were \$7.6 billion, or 6 percent, of total assets at March 31, 2023, compared to \$9.1 billion, or 10 percent of total assets at December 31, 2022. At March 31, 2023 and December 31, 2022, all of our securities were designated as "Available-for-Sale". At March 31, 2023, 15 percent of our portfolio are floating rate securities.

As of March 31, 2023, the net unrealized loss on securities available for sale was \$566 million as compared to \$626 million at December 31, 2022.

At March 31, 2023, available-for-sale securities had an estimated weighted average life of seven years. Included in the quarter-end amount were mortgage-related securities of \$4.7 billion and other debt securities of \$2.9 billion.

At the prior year-end, available-for-sale securities were \$9.1 billion, and had an estimated weighted average life of six years. Mortgage-related securities accounted for \$4.8 billion of the year-end balance, with other debt securities accounting for the remaining \$4.3 billion.

During the three months ended March 31, 2023, the Company recorded a \$20 million provision for credit losses, and subsequent charge-off, on a Signature Bank related bond holding.

The following table summarizes the weighted average yields of debt securities for the maturities indicated at March 31, 2023:

	Mortgage- Related Securities	U.S. Government and GSE Obligations	State, County, and Municipal	Other Debt Securities ⁽²⁾
Available-for-Sale Debt Securities: ⁽¹⁾				
Due within one year	2.74 %	3.35 %	— %	4.53 %
Due from one to five years	3.34	4.29	—	5.93
Due from five to ten years	2.93	1.55	3.73	4.86
Due after ten years	3.60	2.20	—	5.51
Total debt securities available for sale	3.54	2.12	3.73	5.41

(1) The weighted average yields are calculated by multiplying each carrying value by its yield and dividing the sum of these results by the total carrying values and are not presented on a tax-equivalent basis.
 (2) Includes corporate bonds, capital trust notes, foreign notes, and asset-backed securities.

Federal Reserve and Federal Home Loan Bank Stock

At March 31, 2023, the Company had \$827 million and \$329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. At December 31, 2022, the Company had \$762 million and \$329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. The Company maintains an investment in FHLB-NY stock and, as a result of the Flagstar acquisition, FHLB-Indianapolis stock, partly in conjunction with its membership in the FHLB and partly related to its access to the FHLB funding it utilizes. In addition, at March 31, 2023, the Company had Federal Reserve Bank stock, at cost, of \$200 million and \$176 million at March 31, 2023 and December 31, 2022, respectively.

Bank-Owned Life Insurance

BOLI is recorded at the total cash surrender value of the policies in the Consolidated Statements of Condition, and the income generated by the increase in the cash surrender value of the policies is recorded in "Non-interest income" in the Consolidated Statements of Income and Comprehensive Income. Reflecting an increase in the cash surrender value of the underlying policies, our investment in BOLI rose \$3 million to \$1.6 billion at March 31, 2023 compared to \$1.6 billion at December 31, 2022.

Goodwill

We record goodwill in our consolidated statements of condition in connection with certain of our business combinations. Goodwill, which is tested at least annually for impairment, refers to the difference between the purchase price and the fair value of an acquired company's assets, net of the liabilities assumed. As of March 31, 2023 and December 31, 2022 goodwill was \$2.4 billion.

Sources of Funds

The Parent Company has four primary funding sources for the payment of dividends, share repurchases, and other corporate uses: dividends paid to the Parent Company by the Bank; capital raised through the issuance of securities; funding raised through the issuance of debt instruments; and repayments of, and income from, investment securities.

On a consolidated basis, our funding primarily stems from a combination of the following sources: retail, institutional, and brokered deposits; borrowed funds, primarily in the form of wholesale borrowings; cash flows generated through the repayment and sale of loans; and cash flows generated through the repayment and sale of securities.

Deposits

Our ability to retain and attract deposits depends on numerous factors, including customer satisfaction, the rates of interest we pay, the types of products we offer, and the attractiveness of their terms. From time to time, we have chosen not to compete actively for deposits, depending on our access to deposits through acquisitions, the availability of lower-cost funding sources, the impact of competition on pricing, and the need to fund our loan demand. The vast majority of our deposits are retail in nature (i.e., they are deposits we have gathered through our branches or through business combinations).

Depending on their availability and pricing relative to other funding sources, we also include brokered deposits in our deposit mix. Brokered deposits accounted for \$11.0 billion of our deposits at the end of this March, compared to \$5.1 billion at December 31, 2022. Brokered money market accounts represented \$2.5 billion of total brokered deposits at March 31, 2023 and \$2.8 billion at December 31, 2022; brokered interest-bearing checking accounts represented \$1.2 billion and \$1.0 billion, respectively. At March 31, 2023, we had \$7.3 billion of brokered CDs, compared to \$1.3 billion at December 31, 2022.

Our uninsured deposits are the portion of deposit accounts that exceed the FDIC insurance limit (currently \$250,000). These amounts were estimated based on the same methodologies and assumptions used for regulatory reporting purposes and excludes internal accounts. At March 31, 2023 our deposit base includes \$29.2 billion of uninsured deposits a net increase of \$9.6 billion as compared to December 31, 2022 due to the Signature Transaction. This represents 34 percent of our total deposits.

The following table indicates the amount of time deposits, by account, that are in excess of the FDIC insurance limit (currently \$250,000) by time remaining until maturity:

(in millions)	March 31, 2023
Portion of U.S. time deposits in excess of insurance limit	\$ 5,144
Time deposits otherwise uninsured with a maturity of:	
3 months or less	1,397
Over 3 months through 6 months	1,100
Over 6 months through 12 months	1,493
Over 12 months	1,154
Total time deposits otherwise uninsured	\$ 5,144

Borrowed Funds

The majority of our borrowed funds are wholesale borrowings (FHLB-NY and FHLB-Indianapolis advances) and, to a lesser extent, junior subordinated debentures and subordinated notes. At March 31, 2023, total borrowed funds increased \$28 million to \$21 billion compared to the balance at December 31, 2022.

Wholesale Borrowings

Wholesale borrowings at March 31, 2023 were \$20.4 billion compared to \$20.3 billion at December 31, 2022.

FHLB-NY and FHLB-Indianapolis advances accounted for \$20.4 billion and \$20.3 billion at March 31, 2023 and December 31, 2022, respectively. Pursuant to blanket collateral agreements with the Bank, our FHLB-NY, FHLB-Indianapolis advances and overnight advances are secured by pledges of certain eligible collateral in the form of loans and securities. At March 31, 2023 and December 31, 2022, \$5.4 billion and \$6.8 billion of our wholesale borrowings had callable features, respectively.

We had no federal funds outstanding at March 31, 2023 and December 31, 2022, respectively.

Junior Subordinated Debentures

Junior subordinated debentures totaled \$576 million at March 31, 2023 compared to \$575 million at December 31, 2022.

Subordinated Notes

At March 31, 2023, the balance of subordinated notes was \$434 million, including \$135 million assumed from the Flagstar acquisition.

See Note 11, "Borrowed Funds," in Item 8, "Financial Statements and Supplementary Data" for a further discussion of our wholesale borrowings, our junior subordinated debentures and subordinated debt.

Liquidity, Contractual Obligations and Off-Balance Sheet Commitments, and Capital Position

Liquidity

We manage our liquidity to ensure that our cash flows are sufficient to support our operations, and to compensate for any temporary mismatches between sources and uses of funds caused by variable loan and deposit demand.

We monitor our liquidity daily to ensure that sufficient funds are available to meet our financial obligations. Our most liquid assets are cash and cash equivalents, which totaled \$22.3 billion and \$2.0 billion, at March 31, 2023 and December 31, 2022, respectively.

Cash and cash equivalents were \$22.3 billion and \$2.0 billion at March 31, 2023 and December 31, 2022, respectively. The \$20.3 billion increase in cash and cash equivalents is primarily due to an increase in interest-bearing deposits at the Federal Reserve Bank to enhance and support short-term liquidity.

Our \$42 billion of total ready liquidity (cash and cash equivalents, unpledged securities, and Fed Funds and FHLB borrowing capacity) reflects a significant amount of liquid assets and sufficient sources of readily-available funds that can be accessed to meet its obligations and unanticipated needs as they arise.

Additional liquidity stems from deposits and from our use of wholesale funding sources, including wholesale borrowings and brokered deposits. In addition, we have access to the Bank's approved lines of credit with various counterparties, including the FHLB-NY. The availability of these wholesale funding sources is generally based on the amount of mortgage loan collateral available under a blanket lien we have pledged to the respective institutions and, to a lesser extent, the amount of available securities that may be pledged to collateralize our borrowings. At March 31, 2023 our available borrowing capacity with the FHLB-NY was \$10.3 billion. In addition, the Bank had available-for-sale securities of \$7.6 billion, of which, \$6.8 billion is unpledged.

Furthermore, the Bank has agreements with the FRB-NY that enable it to access the discount window as a further means of enhancing our liquidity. In connection with these agreements, the Bank has pledged certain loans and securities to collateralize any funds we may borrow. The maximum amount the Bank could borrow from the FRB-NY was \$1.0 billion. There were no borrowings against these lines of credit at March 31, 2023.

CDs due to mature or reprice in one year or less from March 31, 2023 totaled \$16.9 billion, representing 87 percent of total CDs at that date. Our ability to attract and retain retail deposits, including CDs, depends on numerous factors, including, among others, the convenience of our branches and our other banking channels; our customers' satisfaction with the service they receive; the rates of interest we offer; the types of products we feature; and the attractiveness of their terms.

Our decision to compete for deposits also depends on numerous factors, including, among others, our access to deposits through acquisitions, the availability of lower-cost funding sources, the impact of competition on pricing, and the need to fund our loan demand.

The Parent Company is a separate legal entity from the Bank and must provide for its own liquidity. At March 31, 2023 the Parent Company held cash and cash equivalents of \$151 million. In addition to operating expenses and any share repurchases, the Parent Company is responsible for paying any dividends declared to our stockholders. As a Delaware corporation, the Parent Company is able to pay dividends either from surplus or, in case there is no surplus, from net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

Various legal restrictions limit the extent to which the Company's subsidiary bank can supply funds to the Parent Company and its non-bank subsidiaries. The Bank would require the approval of the OCC if the dividends it declares in any calendar year were to exceed the total of its respective net profits for that year combined with its respective retained net profits

for the preceding two calendar years, less any required transfer to paid-in capital. The term "net profits" is defined as net income for a given period less any dividends paid during that period. As a result of our acquisition of Flagstar, we are also required to seek regulatory approval from the OCC for the payment of any dividend to the Parent Company through at least the period ending November 1, 2024. In connection with receiving regulatory approval from the OCC for the Signature Transaction, the Bank has committed that (i) for a period of two years from the date of the Signature Transaction, it will not declare or pay any dividend without receiving a prior written determination of no supervisory objection from the OCC and (ii) it will not declare or pay dividends on the amount of retained earnings that represents any net bargain purchase gain that is subject to a conditional period that may be imposed by the OCC. In 2023, dividends of \$140 million were paid by the Bank to the Parent Company. At March 31, 2023, the Bank could have paid additional dividends of \$2.3 billion to the Parent Company without regulatory approval.

At March 31, 2023, we believe the Company has sufficient liquidity and capital resources to meet its cash flow obligations over the next 12 months and for the foreseeable future.

Contractual Obligations and Commitments

In the normal course of business, we enter into a variety of contractual obligations in order to manage our assets and liabilities, fund loan growth, operate our branch network, and address our capital needs.

For example, we offer CDs with contractual terms to our customers, and borrow funds under contract from the FHLB-NY. These contractual obligations are reflected in the Consolidated Statements of Condition under "Deposits" and "Borrowed funds," respectively. At March 31, 2023, we had CDs of \$19.4 billion and long-term debt (defined as borrowed funds with an original maturity one year or more) of \$10.4 billion.

We also are obligated under certain non-cancelable operating leases on the buildings and land we use in operating our branch network and in performing our back-office responsibilities. These obligations are included in the Consolidated Statements of Condition and totaled \$119 million at March 31, 2023.

At March 31, 2023, we also had commitments to extend credit in the form of mortgage and other loan originations, as well as commercial, performance stand-by, and financial stand-by letters of credit. These commitments consist of agreements to extend credit, as long as there is no violation of any condition established in the contract under which the loan is made. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee.

The following table summarizes the Company's commitments to originate loans and letters of credit:

(in millions)	March 31, 2023	December 31, 2022
Multi-family and commercial real estate	\$ 93	\$ 216
One-to-four family including interest rate locks	1,977	2,066
Acquisition, development, and construction	3,814	3,539
Warehouse loan commitments	7,168	8,042
Other loan commitments	10,822	7,964
Total loan commitments	\$ 23,874	\$ 21,827
Commercial, performance stand-by, and financial stand-by letters of credit	1,038	541
Total commitments	\$ 24,912	\$ 22,368

The letters of credit we issue consist of performance stand-by, financial stand-by, and commercial letters of credit. Financial stand-by letters of credit primarily are issued for the benefit of other financial institutions, municipalities, or landlords on behalf of certain of our current borrowers, and obligate us to guarantee payment of a specified financial obligation. Performance stand-by letters of credit are primarily issued for the benefit of local municipalities on behalf of certain of our borrowers. Performance letters of credit obligate us to make payments in the event that a specified third party fails to perform under non-financial contractual obligations. Commercial letters of credit act as a means of ensuring payment to a seller upon shipment of goods to a buyer. Although commercial letters of credit are used to effect payment for domestic transactions, the majority are used to settle payments in international trade. Typically, such letters of credit require the presentation of documents that describe the commercial transaction, and provide evidence of shipment and the transfer of title. The fees we collect in connection with the issuance of letters of credit are included in "Fee income" in the Consolidated Statements of Income and Comprehensive Income.

Based upon our current liquidity position, and ready liquidity of \$42 billion, we expect that our funding will be sufficient to fulfill these cash obligations and commitments when they are due both in the short term and long term.

For the three months ended March 31, 2023, we did not engage in any off-balance sheet transactions that we expect to have a material effect on our financial condition, results of operations or cash flows.

At March 31, 2023, we had no commitments to purchase securities.

Regulatory Capital

The Bank is subject to regulation, examination, and supervision by the OCC and the Federal Reserve (the "Regulators"). The Bank is also governed by numerous federal and state laws and regulations, including the FDIC Improvement Act of 1991, which established five categories of capital adequacy ranging from "well capitalized" to "critically undercapitalized." Such classifications are used by the FDIC to determine various matters, including prompt corrective action and each institution's FDIC deposit insurance premium assessments. Capital amounts and classifications are also subject to the Regulators' qualitative judgments about the components of capital and risk weightings, among other factors.

The quantitative measures established to ensure capital adequacy require that banks maintain minimum amounts and ratios of leverage capital to average assets and of common equity tier 1 capital, tier 1 capital, and total capital to risk-weighted assets (as such measures are defined in the regulations). At March 31, 2023, our capital measures continued to exceed the minimum federal requirements for a bank holding company and for a bank. The following table sets forth our common equity tier 1, tier 1 risk-based, total risk-based, and leverage capital amounts and ratios on a consolidated basis and for the Bank on a stand-alone basis, as well as the respective minimum regulatory capital requirements, at that date:

The following tables present the actual capital amounts and ratios for the Company:

March 31, 2023 (dollars in millions)	Risk-Based Capital							
	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	\$ 7,969	9.28 %	\$ 8,472	9.86 %	\$ 9,943	11.57 %	\$ 8,472	9.18 %
Minimum for capital adequacy purposes	3,866	4.50	5,154	6.00	6,873	8.00	3,691	4.00
Excess	\$ 4,103	4.78 %	\$ 3,318	3.86 %	\$ 3,070	3.57 %	\$ 4,781	5.18 %
December 31, 2022								
Total capital	\$ 6,335	9.06 %	\$ 6,838	9.78 %	\$ 8,154	11.66 %	\$ 6,838	9.70 %
Minimum for capital adequacy purposes	3,146	4.50	4,195	6.00	5,593	8.00	2,819	4.00
Excess	\$ 3,189	4.56 %	\$ 2,643	3.78 %	\$ 2,561	3.66 %	\$ 4,019	5.70 %

The following tables present the actual capital amounts and ratios for the Bank:

March 31, 2023 (dollars in millions)	Risk-Based Capital							
	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	\$ 9,288	10.82 %	\$ 9,288	10.82 %	\$ 9,769	11.38 %	\$ 9,288	10.08 %
Minimum for capital adequacy purposes	3,863	4.50	5,150	6.00	6,867	8.00	3,688	4.00
Excess	\$ 5,425	6.32 %	\$ 4,138	4.82 %	\$ 2,902	3.38 %	\$ 5,600	6.08 %
December 31, 2022								
Total capital	\$ 7,653	10.96 %	\$ 7,653	10.96 %	\$ 7,982	11.43 %	\$ 7,653	10.87 %
Minimum for capital adequacy purposes	3,142	4.50	4,189	6.00	5,585	8.00	2,817	4.00
Excess	\$ 4,511	6.46 %	\$ 3,464	4.96 %	\$ 2,397	3.43 %	\$ 4,836	6.87 %

At March 31, 2023, our total risk-based capital ratio exceeded the minimum requirement for capital adequacy purposes by 357 basis points and the fully phased-in capital conservation buffer by 107 basis points.

The Bank also exceeded the minimum capital requirements to be categorized as "Well Capitalized." To be categorized as well capitalized, a bank must maintain a minimum common equity tier 1 ratio of 6.50 percent; a minimum tier 1 risk-based

capital ratio of 8 percent; a minimum total risk-based capital ratio of 10 percent; and a minimum leverage capital ratio of 5 percent.

RECONCILIATIONS OF SHAREHOLDERS' EQUITY, COMMON STOCKHOLDERS' EQUITY, AND TANGIBLE COMMON SHAREHOLDERS' EQUITY; TOTAL ASSETS AND TANGIBLE ASSETS; AND THE RELATED MEASURES

While stockholders' equity, common stockholders' equity, total assets, and book value per common share are financial measures that are recorded in accordance with U.S. GAAP, tangible common stockholders' equity, tangible assets, and tangible book value per common share are not. It is management's belief that these non-GAAP measures should be disclosed in this report and others we issue for the following reasons:

1. Tangible common stockholders' equity is an important indication of the Company's ability to grow organically and through business combinations, as well as its ability to pay dividends and to engage in various capital management strategies.
2. Tangible book value per common share and the ratio of tangible common stockholders' equity to tangible assets are among the capital measures considered by current and prospective investors, both independent of, and in comparison with, the Company's peers.

Tangible common stockholders' equity, tangible assets, and the related non-GAAP measures should not be considered in isolation or as a substitute for stockholders' equity, common stockholders' equity, total assets, or any other measure calculated in accordance with GAAP. Moreover, the manner in which we calculate these non-GAAP measures may differ from that of other companies reporting non-GAAP measures with similar names.

Reconciliations of our stockholders' equity, common stockholders' equity, and tangible common stockholders' equity; our total assets and tangible assets; and the related financial measures for the respective periods follow:

(dollars in millions)	At or for the Three months ended	
	March 31, 2023	March 31, 2022
Stockholders' Equity	\$ 10,782	\$ 6,909
Less: Goodwill and other intangible assets	(3,160)	(2,426)
Preferred stock	(503)	(503)
Tangible common stockholders' equity	\$ 7,119	\$ 3,980
 Total Assets	 \$ 123,706	 \$ 61,005
Less: Goodwill and other intangible assets	(3,160)	(2,426)
Tangible assets	\$ 120,546	\$ 58,579
 Common stockholders' equity to total assets	 8.31 %	 10.50 %
Tangible common stockholders' equity to tangible assets	5.91 %	6.79 %
Book value per common share	\$ 14.23	\$ 13.72
Tangible book value per common share	\$ 9.86	\$ 8.52

Market Risk

As a financial institution, we are focused on reducing our exposure to interest rate volatility, which represents our primary market risk. Changes in market interest rates represent the greatest challenge to our financial performance, as such changes can have a significant impact on the level of income and expense recorded on a large portion of our interest-earning assets and interest-bearing liabilities, and on the market value of all interest-earning assets, other than those possessing a short term to maturity. To reduce our exposure to changing rates, the Board of Directors and management monitor interest rate sensitivity on a regular or as needed basis so that adjustments to the asset and liability mix can be made when deemed appropriate.

The actual duration of held-for-investment mortgage loans and mortgage-related securities can be significantly impacted by changes in prepayment levels and market interest rates. The level of prepayments may, in turn, be impacted by a variety of factors, including the economy in the region where the underlying mortgages were originated; seasonal factors; demographic

variables; and the assumability of the underlying mortgages. However, the factors with the most significant impact on prepayments are market interest rates and the availability of refinancing opportunities.

We managed our interest rate risk by taking the following actions: (1) We have continued to emphasize the origination and retention of intermediate-term assets, primarily in the form of multi-family and CRE loans; (2) We have continued the origination of certain C&I loans that feature floating interest rates; (3) Increased the focus on retaining low cost deposits; and (4) Obtained new low cost deposits as part of the banking-as-a-service initiative (5) The use of derivatives to manage our interest rate position.

Uninsured Deposits

We manage our liquidity to ensure that our cash flows are sufficient to support our operations, and to compensate for any temporary mismatches between sources and uses of funds caused by variable loan and deposit demand. As a result, we have \$42 billion of total ready liquidity (cash and cash equivalents, unpledged securities, and Fed Funds and FHLB borrowing capacity), which all together exceed our level of uninsured deposits. Our uninsured deposits are the portion of deposit accounts that exceed the FDIC insurance limit (currently \$250,000). These amounts were estimated based on the same methodologies and assumptions used for regulatory reporting purposes and excludes internal accounts. At March 31, 2023 our deposit base includes \$29.2 billion of uninsured deposits a net increase of \$9.6 billion as compared to December 31, 2022 due to the Signature Transaction. This represents 34 percent of our total deposits.

LIBOR Transition Process and Phase Out

The Company has certain loans, interest rate swap agreements, investment securities, and debt obligations whose interest rate is indexed to LIBOR. In 2017, the FCA, which is responsible for regulating LIBOR, announced that the publication of LIBOR is not guaranteed beyond 2021. In December 2020, the administrator of LIBOR announced its intention to (i) cease the publication of the one-week and two-month U.S. dollar LIBOR after December 31, 2021, and (ii) cease the publication of all other tenors of U.S. dollar LIBOR (one, three, six, and 12-month LIBOR) after June 30, 2023, and on March 15, 2021, announced that it will permanently cease to publish most LIBOR settings beginning on January 1, 2022 and cease to publish the overnight, one-month, three-month, six-month, and 12-month U.S. dollar LIBOR settings on July 1, 2023. Accordingly, the FCA has stated that it does not intend to persuade or compel banks to submit to LIBOR after such respective dates. Until such time, however, FCA panel banks have agreed to continue to support LIBOR. In October 2021, the Federal bank regulatory agencies issued a Joint Statement on Managing the LIBOR Transition that offered their regulatory expectations and outlined potential supervisory and enforcement consequences for banks that fail to adequately plan for and implement the transition away from LIBOR. The failure to properly transition away from LIBOR may result in increased supervisory scrutiny. The implementation of a substitute index for the calculation of interest rates under the Company's loan agreements may result in disputes or litigation with counterparties over the appropriateness or comparability to LIBOR of the substitute index, which would have an adverse effect on the Company's results of operations. Even when robust fallback language is included, there can be no assurances that the replacement rate plus any spread adjustment will be economically equivalent to LIBOR, which could result in a lower interest rate being paid to the Company on such assets.

The Alternative Reference Rates Committee (a group of private-market participants convened by the FRB and the FRB-NY) has identified SOFR as the recommended alternative to LIBOR. The use of SOFR as a substitute for LIBOR is voluntary and may not be suitable for all market participants. SOFR is calculated and observed differently than LIBOR. Given the manner in which SOFR is calculated, it is likely to be lower than LIBOR and is less likely to correlate with the funding costs of financial institutions. Market practices related to SOFR calculation conventions continue to develop and may vary. Inconsistent calculation conventions among financial products may expose to increased basic rate and resultant costs.

Other alternatives to LIBOR also exist, but, because of the difference in how those alternatives are constructed, they may diverge significantly from LIBOR in a range of situations and market conditions.

The Bank established a sub-committee of ALCO to address issues related to the phase out and transition from LIBOR. This sub-committee consists of personnel from various departments through the Bank including lending, loan administration, credit risk management, finance/treasury, including interest rate risk and liquidity management, information technology, and operations. The Company has LIBOR-based contracts that extend beyond June 30, 2023. The sub-committee has monitored the Bank's LIBOR transition progress and substantially all contracts have been updated. In complying with industry requirements, the Bank has not offered new LIBOR-based products since December 31, 2021.

Interest Rate Sensitivity Analysis

Interest rate sensitivity is monitored through the use of a model that generates estimates of the change in our Economic Value of Equity (EVE) over a range of interest rate scenarios. EVE is defined as the net present value of expected cash flows from assets, liabilities, and off-balance sheet contracts. The EVE ratio, under any interest rate scenario, is defined as the EVE in that scenario divided by the market value of assets in the same scenario. The model assumes estimated loan and MBS prepayment rates, current market value spreads, and deposit decay rates and betas.

Based on the information and assumptions in effect at March 31, 2023, the following table sets forth our EVE, assuming the changes in interest rates noted:

Change in Interest Rates (in basis points)	Estimated Percentage Change in Economic Value of Equity
-200 over one year	(8.82)%
-100 over one year	(3.09)%
+100 over one year	2.59%
+200 over one year	4.65%

The net changes in EVE presented in the preceding table are within the parameters approved by the Boards of Directors of the Company and the Bank.

Accordingly, while the EVE analysis provides an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to, and do not, provide a precise forecast of the effect of changes in market interest rates on our net interest income, and may very well differ from actual results.

Interest Rate Risk is also monitored through the use of a model that generates Net Interest Income (NII) simulations over a range of interest rate scenarios. Modeling changes in NII requires that certain assumptions be made which may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the NII analysis presented below assumes that the composition of our interest rate sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured, and also assumes that a particular change in interest rates is reflected uniformly across the yield curve, regardless of the duration to maturity or repricing of specific assets and liabilities. Furthermore, the model does not take into account the benefit of any strategic actions we may take to further reduce our exposure to interest rate risk. The assumptions used in the net interest income simulation are inherently uncertain. Actual results may differ significantly from those presented in the following table, due to the frequency, timing, and magnitude of changes in interest rates; changes in spreads between maturity and repricing categories; and prepayments, among other factors, coupled with any actions taken to counter the effects of any such changes.

Based on the information and assumptions in effect at March 31, 2023, the following table reflects the estimated percentage change in future net interest income for the next twelve months, assuming the changes in interest rates noted:

Change in Interest Rates (in basis points) ⁽¹⁾	Estimated Percentage Change in Future Net Interest Income
-200 over one year	(12.5)%
-100 over one year	(6.1)%
+100 over one year	4.9%
+200 over one year	10.3%

(1) In general, short- and long-term rates are assumed to increase in parallel instantaneously and then remain unchanged.

The net changes in NII presented in the preceding table are within the parameters approved by the Boards of Directors of the Company and the Bank.

Future changes in our mix of assets and liabilities may result in greater changes to our EVE, and/or NII simulations.

In the event that our EVE and net interest income sensitivities were to breach our internal policy limits, we would undertake the following actions to ensure that appropriate remedial measures were put in place:

- In formulating appropriate strategies, the ALCO Committee would ascertain the primary causes of the variance from policy tolerances, the expected term of such conditions, and the projected effect on capital and earnings.
- Our ALCO Committee would inform the Board of Directors of the variance, and present recommendations to the Board regarding proposed courses of action to restore conditions to within-policy tolerances.

Where temporary changes in market conditions or volume levels result in significant increases in risk, strategies may involve reducing open positions or employing other balance sheet management activities including the potential use of derivatives to reduce the risk exposure. Where variance from policy tolerances is triggered by more fundamental imbalances in the risk profiles of core loan and deposit products, a remedial strategy may involve restoring balance through natural hedges to the extent possible before employing synthetic hedging techniques. Other strategies might include:

- Asset restructuring, involving sales of assets having higher risk profiles, or a gradual restructuring of the asset mix over time to affect the maturity or repricing schedule of assets;
- Liability restructuring, whereby product offerings and pricing are altered or wholesale borrowings are employed to affect the maturity structure or repricing of liabilities;
- Expansion or shrinkage of the balance sheet to correct imbalances in the repricing or maturity periods between assets and liabilities; and/or
- Use or alteration of off-balance sheet positions, including interest rate swaps, caps, floors, options, and forward purchase or sales commitments.

In connection with our net interest income simulation modeling, we also evaluate the impact of changes in the slope of the yield curve. At March 31, 2023, our analysis indicated that a further inversion of the yield curve would be expected to result in a 5.26 percent decrease in net interest income; conversely, an immediate steepening of the yield curve would be expected to result in a 1.51 percent increase in net interest income.

Critical Accounting Estimates

Various elements of our accounting policies, by their nature, are subject to estimation techniques, valuation assumptions and other subjective assessments. Certain accounting policies that, due to the judgment, estimates and assumptions are critical to an understanding of our Consolidated Financial Statements and the Notes, are described in Item 1. These policies relate to: (a) the determination of our ACL, (b) fair value measurements and (c) the acquisition method of accounting. We believe the judgment, estimates and assumptions used in the preparation of our Consolidated Financial Statements and the Notes are appropriate given the factual circumstances at the time. However, given the sensitivity of our Consolidated Financial Statements and the Notes to these critical accounting policies, the use of other judgments, estimates and assumptions could result in material differences in our results of operations and/or financial condition.

For further information on our critical accounting policies, please refer to our Form 10-K for the year ended December 31, 2022, which is available on our website, under the Investor Relations section, or on the website of the Securities and Exchange Commission, at sec.gov.

Signature Transaction - Certain Financial Information

In accordance with the guidance provided in Staff Accounting Bulletin Topic 1:K, "Financial Statements of Acquired Troubled Financial Institutions" ("SAB 1:K"), and a pending request for relief submitted by the Company to the Securities and Exchange Commission in accordance therewith, the Company has omitted certain financial information on the Signature Transaction required by Rule 3-05 of Regulation S-X and Article 11 of Regulation S-X. SAB 1:K provides relief from the requirements of Rule 3-05 and Article 11 of Regulation S-X under certain circumstances, including a transaction such as the Signature Transaction, in which the registrant engages in an acquisition of a troubled financial institution for which historical financial statements are not reasonably available or relevant and in which federal assistance is an essential and significant part of the transaction.

Reportable Segment and Reporting Units

We operate in a single reportable segment and have identified one reporting unit which is the same as our operating segment. Following the acquisition of Flagstar Bank, N.A. and closing the Signature Transaction, we are currently in the process of reassessing our reportable segments and reporting units, which may result in a change to either or both in future reporting periods.

ITEM 1. FINANCIAL STATEMENTS

New York Community Bancorp, Inc.
Consolidated Statements of Condition

	March 31, 2023	December 31, 2022
(in millions, except per share data)	(unaudited)	
ASSETS:		
Cash and cash equivalents	\$ 22,250	\$ 2,032
Securities:		
Debt Securities available-for-sale \$ 825 and \$ 434 pledged at March 31, 2023 and December 31, 2022, respectively)	7,599	9,060
Equity investments with readily determinable fair values, at fair value	14	14
Total securities	7,613	9,074
Loans held for sale, at fair value	1,305	1,115
Loans and leases held for investment, net of deferred loan fees and costs	82,547	69,001
Less: Allowance for credit losses on loans and leases	(550)	(393)
Total loans and leases held for investment, net	81,997	68,608
Federal Home Loan Bank stock and Federal Reserve Bank stock, at cost	1,356	1,267
Premises and equipment, net	628	491
Core deposit and other intangibles	734	287
Goodwill	2,426	2,426
Mortgage servicing rights	1,034	1,033
Bank-owned life insurance	1,564	1,561
Other assets	2,799	2,250
Total assets	\$ 123,706	\$ 90,144
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Deposits:		
Interest-bearing checking and money market accounts	\$ 32,146	\$ 22,511
Savings accounts	10,302	11,645
Certificates of deposit	19,355	12,510
Non-interest-bearing accounts	22,997	12,055
Total deposits	84,800	58,721
Borrowed funds:		
Federal Home Loan Bank advances	20,350	20,325
Junior subordinated debentures	576	575
Subordinated notes	434	432
Total borrowed funds	21,360	21,332
Other liabilities	6,764	1,267
Total liabilities	112,924	81,320
Stockholders' equity:		
Preferred stock at par \$ 0.01 (5,000,000 shares authorized): Series A (515,000 shares issued and outstanding)	503	503
Common stock at par \$ 0.01 (900,000,000 shares authorized; 744,461,392 and 705,429,386 shares issued; and 722,150,297 and 681,217,334 shares outstanding, respectively)	7	7
Paid-in capital in excess of par	8,197	8,130
Retained earnings	2,923	1,041
Treasury stock, at cost (\$ 22,311,095 and 24,212,052 shares, respectively)	(219)	(237)
Accumulated other comprehensive loss, net of tax:		
Net unrealized loss on securities available for sale, net of tax of \$ 219 and \$ 240 , respectively	(566)	(626)
Net unrealized loss on pension and post-retirement obligations, net of tax of \$ 17 and \$ 18 , respectively	(44)	(46)
Net unrealized (loss) gain on cash flow hedges, net of tax of \$ 5 and \$(20), respectively	(19)	52
Total accumulated other comprehensive loss, net of tax	(629)	(620)
Total stockholders' equity	10,782	8,824
Total liabilities and stockholders' equity	\$ 123,706	\$ 90,144

See accompanying notes to the consolidated financial statements.

New York Community Bancorp, Inc.
Consolidated Statements of Income and Comprehensive Income

(in millions, except per share data)	Three Months Ended,		
	March 31, 2023	December 31, 2022	March 31, 2022
INTEREST INCOME:			
Loans and leases	\$ 867	\$ 589	\$ 393
Securities and money market investments	\$ 167	\$ 92	\$ 36
Total interest income	1,034	681	429
INTEREST EXPENSE:			
Interest-bearing checking and money market accounts	157	122	8
Savings accounts	39	27	8
Certificates of deposit	87	51	11
Borrowed funds	196	102	70
Total interest expense	479	302	97
Net interest income	555	379	332
Provision for (recovery of) credit losses	170	124	(2)
Net interest income after provision for credit loan losses	385	255	334
NON-INTEREST INCOME:			
Bargain purchase gain	2,001	159	—
Fee income	27	10	6
Net return on mortgage servicing rights	22	6	—
Net gain on loan sales	20	5	—
Other	11	7	2
Bank-owned life insurance	10	8	7
Loan administration income	7	3	—
Net loss on securities	—	—	(1)
Total non-interest income	2,098	198	14
NON-INTEREST EXPENSE:			
Operating expenses:			
Compensation and benefits	219	116	80
Occupancy and equipment	37	25	23
General and administrative	136	63	31
Total operating expense	392	204	134
Intangible asset amortization	17	5	—
Merger-related expenses	67	60	7
Total non-interest expense	476	269	141
Income before income taxes	2,007	184	207
Income tax expense	1	12	52
Net income	\$ 2,006	\$ 172	\$ 155
Preferred stock dividends	8	8	8
Net income available to common stockholders	\$ 1,998	\$ 164	\$ 147
Basic earnings per common share	\$ 2.88	\$ 0.30	\$ 0.31
Diluted earnings per common share	\$ 2.87	\$ 0.30	\$ 0.31
Net income	\$ 2,006	\$ 172	\$ 155
Other comprehensive (loss) income, net of tax:			
Change in net unrealized (loss) gain on securities available for sale, net of tax of \$(21); \$6; and \$82, respectively	60	(14)	(215)
Change in pension and post-retirement obligations, net of tax of \$0; \$6; and \$0, respectively	1	(18)	—
Change in net unrealized gain (loss) on cash flow hedges, net of tax of \$23; \$(6); and \$(4), respectively	(67)	18	12
Reclassification adjustment for defined benefit pension plan, net of tax of \$(1); \$0; and \$0, respectively	1	2	—
Reclassification adjustment for net gain on cash flow hedges included in net income, net of tax \$2; \$2; and \$(2), respectively	(4)	(6)	4
Total other comprehensive (loss) income, net of tax	(9)	(18)	(199)
Total comprehensive income (loss), net of tax	\$ 1,997	\$ 154	\$ (44)

See accompanying notes to the consolidated financial statements.

New York Community Bancorp, Inc.
Consolidated Statements of Changes in Stockholders' Equity
(unaudited)

(in millions, except share data)	Shares Outstanding	Preferred Stock (Par Value: \$ 0.01)	Common Stock (Par Value: \$ 0.01)	Paid-in Capital in excess of Par	Retained Earnings	Treasury Stock, at Cost	Other	Accumulated Comprehensive Loss, Net of Tax	Total Stockholders' Equity
Three Months Ended March 31, 2023									
Balance at December 31, 2022	681,217,334	\$ 503	\$ 7	\$ 8,130	\$ 1,041	\$ (237)	\$ (620)	\$ 8,824	
Issuance and exercise of FDIC Equity appreciation instrument	39,032,006	—	—	85	—	—	—	85	
Shares issued for restricted stock, net of forfeitures	2,877,411	—	—	(27)	—	27	—	—	
Compensation expense related to restricted stock awards	—	—	9	—	—	—	—	9	
Net income	—	—	—	—	2,006	—	—	2,006	
Dividends paid on common stock (\$ 0.17)	—	—	—	—	(116)	—	—	(116)	
Dividends paid on preferred stock (\$ 15.94)	—	—	—	—	(8)	—	—	(8)	
Purchase of common stock	(976,454)	—	—	—	—	(9)	—	(9)	
Other comprehensive loss, net of tax	—	—	—	—	—	—	(9)	(9)	
Balance at March 31, 2023	<u>722,150,297</u>	<u>\$ 503</u>	<u>\$ 7</u>	<u>\$ 8,197</u>	<u>\$ 2,923</u>	<u>\$ (219)</u>	<u>\$ (629)</u>	<u>\$ 10,782</u>	
Three Months Ended March 31, 2022									
Balance at March 31, 2022	465,015,643	\$ 503	\$ 5	\$ 6,126	\$ 741	\$ (246)	\$ (85)	\$ 7,044	
Shares issued for restricted stock, net of forfeitures	2,910,435	—	—	(26)	—	26	—	—	
Compensation expense related to restricted stock awards	—	—	—	7	—	—	—	7	
Net income	—	—	—	—	155	—	—	155	
Dividends paid on common stock (\$ 0.17)	—	—	—	—	(79)	—	—	(79)	
Dividends paid on preferred stock (\$ 15.94)	—	—	—	—	(8)	—	—	(8)	
Purchase of common stock	(901,934)	—	—	—	—	(11)	—	(11)	
Other comprehensive loss, net of tax	—	—	—	—	—	—	(199)	(199)	
Balance at March 31, 2022	<u>467,024,144</u>	<u>\$ 503</u>	<u>\$ 5</u>	<u>\$ 6,107</u>	<u>\$ 809</u>	<u>\$ (231)</u>	<u>\$ (284)</u>	<u>\$ 6,909</u>	

The accompanying notes are an integral part of these Consolidated Financial Statements.

New York Community Bancorp, Inc.
Consolidated Statements of Cash Flows
(unaudited)

(in millions)	For the Three Months Ended March 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,006	\$ 155
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	170	(2)
Amortization of core deposit intangible	17	—
Depreciation	8	5
Amortization of discounts and premiums, net	(36)	(1)
Net (gain) loss on sales of loans	(20)	—
Gain on business acquisition	(2,001)	—
Stock-based compensation	9	7
Deferred tax expense	11	(8)
Changes in operating assets and liabilities:		
Decrease (increase) in other assets	112	—
(Decrease) increase in other liabilities	2,697	29
Purchases of securities held for trading	(10)	(35)
Proceeds from sales of securities held for trading	10	35
Change in loans held for sale, net	62	—
Net cash provided by operating activities	3,035	185
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from repayment of securities available for sale	664	163
Proceeds from sales of securities available for sale	1,233	—
Purchase of securities available for sale	(443)	(269)
Redemption of Federal Home Loan Bank stock	744	107
Purchases of Federal Home Loan Bank and Federal Reserve Bank stock	(833)	(52)
Proceeds from bank-owned life insurance, net	9	5
Purchases of loans	—	(61)
Other changes in loans, net	(1,301)	(960)
(Purchases) dispositions of premises and equipment, net	(11)	(1)
Cash acquired in business acquisition	25,043	—
Net cash used in investing activities	25,105	(1,068)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (decrease) increase in deposits	(7,496)	2,895
Net increase (decrease) in short-term borrowed funds	2,400	(1,150)
Proceeds from long-term borrowed funds	—	1,000
Repayments of long-term borrowed funds	(2,375)	(1,075)
Net receipt of payments of loans serviced for others	(189)	—
Cash dividends paid on common stock	(8)	(79)
Cash dividends paid on preferred stock	(116)	(8)
Treasury stock repurchased	(9)	—
Payments relating to treasury shares received for restricted stock award tax payments	—	(11)
Net cash (used in) provided by financing activities	(7,793)	1,572
Net increase in cash, cash equivalents, and restricted cash ⁽¹⁾	20,347	689
Cash, cash equivalents, and restricted cash at beginning of year ⁽¹⁾	2,082	2,211
Cash, cash equivalents, and restricted cash at end of year ⁽¹⁾	\$ 22,429	\$ 2,900
Supplemental information:		
Cash paid for interest	\$ 489	\$ 110
Cash paid for income taxes	13	—
Non-cash investing and financing activities:		

Transfers to repossessed assets from loans	\$ 1	\$ —
Securitization of residential mortgage loans to mortgage-backed securities available for sale	—	61
Shares issued for restricted stock awards	27	26
Business Combination:		
Fair value of tangible assets acquired	38,172	—
Intangible assets	464	—
Liabilities assumed	36,550	—
Issuance of FDIC Equity appreciation instrument	85	—

(1) For further information on restricted cash, see Note 14 - Derivative and Hedging Activities.

The accompanying notes are an integral part of these Consolidated Financial Statements.

New York Community Bancorp, Inc.
Notes to the Unaudited Consolidated Financial Statements

Note 1 - Organization and Basis of Presentation

Organization

New York Community Bancorp, Inc. (on a stand-alone basis, the "Parent Company" or, collectively with its subsidiaries, the "Company" or "we") was organized under Delaware law on July 20, 1993 and is the holding company for Flagstar Bank N.A. (hereinafter referred to as the "Bank"). The Company is headquartered in Hicksville, New York with regional headquarters in Troy, Michigan.

The Company is subject to regulation, examination and supervision by the Federal Reserve. The Bank is a National Association, subject to federal regulation and oversight by the OCC.

On November 23, 1993, the Company issued its initial offering of common stock (par value: \$ 0.01 per share) at a price of \$ 25.00 per share (\$ 0.93 per share on a split-adjusted basis, reflecting the impact of nine stock splits between 1994 and 2004). The Company has grown organically and through a series of accretive mergers and acquisitions, culminating in its acquisition of Flagstar Bancorp, Inc., which closed on December 1, 2022 and the Signature Transaction which closed on March 20, 2023.

Flagstar Bank, N.A. currently operates 435 branches across nine states, including strong footholds in the Northeast and Midwest and exposure to markets in the Southeast and West Coast. Flagstar Mortgage operates nationally through a wholesale network of approximately 3000 third-party mortgage originators. Flagstar Bank N.A. also operates through eight local divisions, each with a history of service and strength: Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, Roosevelt Savings Bank, and Atlantic Bank in New York; Garden State Community Bank in New Jersey; Ohio Savings Bank in Ohio; and AmTrust Bank in Arizona and Florida.

Basis of Presentation

The following is a description of the significant accounting and reporting policies that the Company and its subsidiaries follow in preparing and presenting their consolidated financial statements, which conform to U.S. generally accepted accounting principles and to general practices within the banking industry. The preparation of financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates that are used in connection with the determination of the allowance for credit losses, mortgage servicing rights, the Flagstar acquisition and the Signature Transaction.

The accompanying consolidated financial statements include the accounts of the Company and other entities in which the Company has a controlling financial interest. All inter-company accounts and transactions are eliminated in consolidation. The Company currently has certain unconsolidated subsidiaries in the form of wholly-owned statutory business trusts, which were formed to issue guaranteed capital securities. See Note 11 "Borrowed Funds," for additional information regarding these trusts.

Loans

Effective January 1, 2023, the Corporation adopted the provisions of Accounting Standards Update (ASU) No. 2022-02, "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures" (ASU 2022-02), which eliminated the accounting for troubled debt restructurings (TDRs) while expanding loan modification and vintage disclosure requirements. Under ASU 2022-02, the Corporation assesses all loan modifications to determine whether one is granted to a borrower experiencing financial difficulty, regardless of whether the modified loan terms include a concession. Modifications granted to borrowers experiencing financial difficulty may be in the form of an interest rate reduction, an other-than-insignificant payment delay, a term extension, principal forgiveness or a combination thereof (collectively referred to as Troubled Debt Modifications or TDMs).

Notes to the Consolidated Financial Statements

Prior to the adoption of ASU 2022-02, the Company accounted for certain loan modifications and restructurings as TDRs. In general, a modification or restructuring of a loan constituted a TDR if the Company granted a concession to a borrower experiencing financial difficulty.

Adoption of New Accounting Standards

Standard	Description	Effective Date
ASU 2022-02- Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures Issued March 2022	ASU 2022-02 eliminates prior accounting guidance for TDRs, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The standard also requires that an entity disclose current-period gross charge-offs by year of origination for financing receivables and net investments in leases.	The Company adopted ASU 2022-02 effective January 1, 2023 using a modified retrospective transition approach for the amendments related to the recognition and measurement of TDRs. The impact of the adoption resulted in an immaterial change to the allowance for credit losses ("ACL"), thus no adjustment to retained earnings was recorded. Disclosures have been updated to reflect information on loan modifications given to borrowers experiencing financial difficulty as presented in Note 6. TDR disclosures are presented for comparative periods only and are not required to be updated in current periods. Additionally, the current year vintage disclosure included in Note 6 has been updated to reflect gross charge-offs by year of origination for the three months ended March 31, 2023.
ASU 2023-02 Investments - Equity Method Investments in Tax Credit Structures Using the Proportional Amortization Method Issued: March 2023	Permits reporting entities to elect to account for their tax and Joint Ventures (Topic 323): Accounting for equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met.	The Company adopted ASU 2023-02 effective January 1, 2023 and is not expected to have a significant impact on the Company's consolidated financial statements.

Note 2 - Computation of Earnings per Common Share

Earnings per Common Share (Basic and Diluted)

Basic EPS is computed by dividing the net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed using the same method as basic EPS, however, the computation reflects the potential dilution that would occur if outstanding in-the-money stock options were exercised and converted into common stock.

Unvested stock-based compensation awards containing non-forfeitable rights to dividends paid on the Company's common stock are considered participating securities, and therefore are included in the two-class method for calculating EPS. Under the two-class method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights to receive dividends on the common stock. The Company grants restricted stock to certain employees under its stock-based compensation plan. Recipients receive cash dividends during the vesting periods of these awards, including on the unvested portion of such awards. Since these dividends are non-forfeitable, the unvested awards are considered participating securities and therefore have earnings allocated to them.

The following table presents the Company's computation of basic and diluted earnings per common share:

(in millions, except share and per share amounts)	Three Months Ended March 31,	
	2023	2022
Net income available to common stockholders	\$ 1,998	\$ 147
Less: Dividends paid on and earnings allocated to participating securities	(21)	(2)
Earnings applicable to common stock	\$ 1,977	\$ 145
Weighted average common shares outstanding	686,911,555	465,138,238
Basic earnings per common share	\$ 2.88	\$ 0.31
Earnings applicable to common stock	\$ 1,977	\$ 145
Weighted average common shares outstanding	686,911,555	465,138,238
Potential dilutive common shares	1,360,056	808,525
Total shares for diluted earnings per common share computation	688,271,611	465,946,763
Diluted earnings per common share and common share equivalents	\$ 2.87	\$ 0.31

Note 3 - Business Combinations

Signature Bridge Bank

On March 20, 2023, the Company's wholly owned bank subsidiary, Flagstar Bank N.A. (the "Bank"), entered into a Purchase and Assumption Agreement (the "Agreement") with the Federal Deposit Insurance Corporation ("FDIC"), as receiver (the "FDIC Receiver") of Signature Bridge Bank, N.A. ("Signature") to acquire certain assets and assume certain liabilities of Signature (the "Signature Transaction"). Headquartered in New York, New York, Signature Bank was a full-service commercial bank that operated 29 branches in New York, seven branches in California, two branches in North Carolina, one branch in Connecticut, and one branch in Nevada. In connection with the Signature Transaction the Bank assumed all of Signature's branches. The Bank acquired only certain parts of Signature it believes to be financially and strategically complementary that are intended to enhance the Company's future growth.

Pursuant to the terms of the Agreement, the Company was not required to make a cash payment to the FDIC on March 20, 2023 as consideration for the acquired assets and assumed liabilities. As the Company and the FDIC remain engaged in ongoing discussions which may impact the assets and liabilities acquired or assumed by the Company in the Signature Transaction, the Company may be required to make a payment to the FDIC or the FDIC may be required to make a payment to the Company on the Settlement Date, which will be one year after March 20, 2023, or as agreed upon by the FDIC and the Company.

In addition, as part of the consideration for the Signature Transaction, the Company granted the FDIC equity appreciation rights in the common stock of the Company under an equity appreciation instrument (the "Equity Appreciation Instrument"). On March 31, 2023, the Company issued 39,032,006 shares of Company common stock to the FDIC pursuant to the Equity Appreciation Instrument. Under terms of the Equity Appreciation Instrument, the FDIC will use all reasonable efforts to sell these shares over a 40-day period beginning April 28, 2023.

The Company has determined that the Signature Transaction constitutes a business combination as defined by ASC 805, *Business Combinations* ("ASC 805"). ASC 805 establishes principles and requirements as to how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. Accordingly, the assets acquired and liabilities assumed have been recorded based on their estimated fair values based on initial valuations as of March 20, 2023.

As part of the ongoing discussions between the Company and the FDIC, the Company is expected to provide certain services to the FDIC to assist the FDIC in its administration of certain assets and liabilities which were not assumed by the Company and which remain under the control of the FDIC (the "Interim Servicing"). The Interim Servicing includes activities related to the servicing of loan portfolios not acquired on behalf of the FDIC for a period of up to one year from the date of the Signature Transaction unless such loans are sold or transferred at an earlier time by the FDIC or until cancelled by the FDIC upon 60-days' notice. The Interim Servicing may include other ancillary services requested by the FDIC to assist in their administration of the remaining assets and liabilities of Signature Bank. The FDIC will reimburse the Company for costs associated with the Interim Servicing based upon an agreed upon fee which approximates the cost to provide such services. As the FDIC intends to reimburse the Company for the costs to service the loans, neither a servicing asset nor servicing liability was recognized as part of the Signature Transaction.

The Company did not enter into a loss sharing arrangement with the FDIC in connection with the Signature Transaction.

As the Company finalizes its analysis of the assets acquired and liabilities assumed, there may be adjustments to the recorded carrying values. In many cases, the determination of the fair value of the assets acquired and liabilities assumed required management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. Due to the timing of the Signature Transaction and the brief period between March 20, 2023 and March 31, 2023, the Company continues to analyze its estimates of the fair values of the assets acquired and liabilities assumed, and is subject to adjustment for up to one year after March 20, 2023. While the Company believes that the information available on March 20, 2023, provided a reasonable basis for estimating fair value, the Company may obtain additional information and evidence during the measurement period that may result in changes to the estimated fair value amounts. Fair values subject to change include, but are not limited to, those related to loans and leases, certain deposits, intangibles, deferred tax assets and liabilities and certain other assets and other liabilities. Further, the Company and the FDIC are in ongoing discussions and a settlement statement reconciled by both parties has not yet been finalized, which may impact which assets and liabilities were acquired or assumed by the Company, and therefore, the amounts recorded are considered preliminary and are subject to change.

A summary of the net assets acquired and the estimated fair value adjustments resulting in the bargain purchase gain is as follows:

(in millions)	March 20, 2023
Net assets acquired before fair value adjustments	\$ 2,973
Fair value adjustments:	
Loans	(727)
Core deposit and other intangibles	464
Certificates of deposit	27
Other net assets and liabilities	39
FDIC Equity Appreciation Instrument	(85)
Deferred tax liability	(690)
Bargain purchase gain on Signature Transaction	\$ 2,001

In connection with the Signature Transaction, the Company recorded a bargain purchase gain of approximately \$ 2.0 billion, which is included in non-interest income in the Company's Consolidated Statement of Income and Comprehensive Income for the three months ended March 31, 2023.

The bargain purchase gain represents the excess of the estimated fair value of the assets acquired (including cash payments received from the FDIC) over the estimated fair value of the liabilities assumed and is influenced significantly by the FDIC-assisted transaction process. Under the FDIC-assisted transaction process, only certain assets and liabilities are transferred to the acquirer and, depending on the nature and amount of the acquirers bid, the FDIC may be required to make a cash payment to the acquirer.

The following table provides a preliminary allocation of the consideration paid for the fair value of assets acquired and liabilities assumed from the Signature Transaction as of March 20, 2023:

(in millions)	
Purchase Price consideration	\$ 85
Fair value of assets acquired:	
Cash & cash equivalents	25,043
Loans held for sale	232
Loans held for investment:	
Commercial and industrial	10,102
Commercial real estate	1,942
Consumer and other	174
Total loans held for investment	12,218
CDI and other intangible assets	464
Other assets	679
Total assets acquired	38,636
Fair value of liabilities assumed:	
Deposits	33,568
Other liabilities	2,982
Total liabilities assumed	36,550
Fair value of net identifiable assets	2,086
Bargain purchase gain	\$ 2,001

Fair Value of Assets Acquired and Liabilities Assumed

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, reflecting assumptions that a market participant would use

when pricing an asset or liability. In some cases, the estimation of fair values requires management to make estimates about discount rates, future expected cash flows, market conditions, and other future events that are highly subjective in nature and are subject to change. Described below are the methods used to determine the fair values of the significant assets acquired and liabilities assumed in the Signature Transaction.

Cash and Cash Equivalents

The estimated fair value of cash and cash equivalents approximates their stated face amounts, as these financial instruments are either due on demand or have short-term maturities.

Loans and leases

The fair value for loans was based on a discounted cash flow methodology that considered credit loss expectations, market interest rates and other market factors such as liquidity from the perspective of a market participant. Loans were grouped together according to similar characteristics and were treated in the aggregate when applying various valuation techniques. The probability of default, loss given default and prepayment assumptions were the key factors driving credit losses which were embedded into the estimated cash flows. These assumptions were informed by internal data on loan characteristics, historical loss experience, and current and forecasted economic conditions. The interest and liquidity component of the estimate was determined by discounting interest and principal cash flows through the expected life of each loan. The discount rates used for loans are based on current market rates for new originations of comparable loans and include adjustments for liquidity. The discount rates do not include a factor for credit losses as that has been included as a reduction to the estimated cash flows. Acquired loans were marked to fair value and adjusted for any PCD gross up as of the date of the Signature Transaction.

Deposit Liabilities

The fair value of deposit liabilities with no stated maturity (i.e., non-interest-bearing and interest-bearing checking accounts) is equal to the carrying amounts payable on demand. The fair value of certificates of deposit represents contractual cash flows, discounted using interest rates currently offered on deposits with similar characteristics and remaining maturities.

Core Deposit Intangible

Core deposit intangible ("CDI") is a measure of the value of non-interest-bearing and interest-bearing checking accounts, savings accounts, and money market accounts that are acquired in a business combination. The fair value of the CDI stemming from any given business combination is based on the present value of the expected cost savings attributable to the core deposit funding, relative to an alternative source of funding. The CDI relating to the Signature Transaction will be amortized over an estimated useful life of 10 years using the sum of years digits depreciation method. The Company evaluates such identifiable intangibles for impairment when an indication of impairment exists. CDI does not significantly impact our liquidity or capital ratios.

PCD loans

Purchased loans that reflect a more than insignificant deterioration of credit from origination are considered PCD. For PCD loans and leases, the initial estimate of expected credit losses is recognized in the allowance for credit losses ("ACL") on the date of acquisition using the same methodology as other loans and leases held-for-investment. The following table provides a summary of loans and leases purchased as part of the Signature Transaction with credit deterioration and the associated credit loss reserve at acquisition:

(in millions)	Total
Par value (UPB)	\$ 633
ACL at acquisition	(13)
Non-credit (discount)	(96)
Fair value	\$ 524

Flagstar Bank

On December 1, 2022, the Company closed the acquisition of Flagstar Bancorp, Inc. ("Flagstar Bancorp") in an all-stock transaction. The acquisition of Flagstar has been accounted for as a business combination. The Company recorded the estimate of fair value based on initial valuations available at December 1, 2022. The Company continues to review these valuations and certain of these estimated fair values are considered preliminary as of March 31, 2023, and subject to adjustment for up to one year after December 1, 2022. While the Company believes that the information available on December 1, 2022 provided a reasonable basis for estimating fair value, the Company expects that it may obtain additional information and evidence during the measurement period that would result in changes to the estimated fair value amounts. Valuations subject to change include, but are not limited to, loans and leases, certain deposits, intangibles, deferred tax assets and liabilities and certain other assets and other liabilities.

Note 4 - Accumulated Other Comprehensive Income

The following table sets forth the components in accumulated other comprehensive income:

(in millions)	Amount Reclassified out of Accumulated Other Comprehensive Loss ⁽¹⁾	Three Months Ended March 31, 2023
Details about Accumulated Other Comprehensive Loss		Affected Line Item in the Consolidated Statements of Income and Comprehensive Income
Unrealized gains on available-for-sale securities:	\$ —	Net gain on securities
	\$ —	Income tax expense
	\$ —	Net gain on securities, net of tax
Unrealized gains on cash flow hedges:	\$ 6	Interest expense
	(2)	Income tax benefit
	\$ 4	Net gain on cash flow hedges, net of tax
Amortization of defined benefit pension plan items:		
Past service liability	\$ —	Included in the computation of net periodic credit ⁽²⁾
Actuarial losses	(2)	Included in the computation of net periodic cost ⁽²⁾
	(2)	Total before tax
	1	Income tax benefit
	\$ (1)	Amortization of defined benefit pension plan items, net of tax
Total reclassifications for the period	\$ 3	

(1) Amounts in parentheses indicate expense items.

(2) See Note 12 - Pension and Other Post-Retirement Benefits, for additional information.

Note 5 - Investment Securities

The following tables summarize the Company's portfolio of debt securities available for sale and equity investments with readily determinable fair values:

(in millions)	March 31, 2023				
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	
Debt securities available-for-sale					
Mortgage-Related Debt Securities:					
GSE certificates	\$ 1,388	\$ 1	\$ 143	\$ 1,246	
GSE CMOs	3,562	4	284	3,282	
Private Label CMOs	183	6	1	188	
Total mortgage-related debt securities	\$ 5,133	\$ 11	\$ 428	\$ 4,716	
Other Debt Securities:					
U. S. Treasury obligations	\$ —	\$ —	\$ —	\$ —	\$ —
GSE debentures	1,899	—	310	1,589	
Asset-backed securities ⁽¹⁾	345	—	10	335	
Municipal bonds	18	—	—	18	
Corporate bonds	864	2	33	833	
Foreign notes	20	—	1	19	
Capital trust notes	97	5	13	89	
Total other debt securities	\$ 3,243	\$ 7	\$ 367	\$ 2,883	
Total debt securities available for sale	\$ 8,376	\$ 18	\$ 795	\$ 7,599	
Equity securities:					
Mutual funds	\$ 16	\$ —	\$ 2	\$ 14	
Total equity securities	\$ 16	\$ —	\$ 2	\$ 14	
Total securities ⁽²⁾	<u>\$ 8,392</u>	<u>\$ 18</u>	<u>\$ 797</u>	<u>\$ 7,613</u>	

(1) The underlying assets of the asset-backed securities are substantially guaranteed by the U.S. Government.

(2) Excludes accrued interest receivable of \$30 million included in other assets in the Consolidated Statements of Condition.

		December 31, 2022			
(in millions)		Amortized Cost	Gross Unrealized Gain	Loss	Fair Value
Debt securities available-for-sale					
Mortgage-Related Debt Securities:					
GSE certificates	\$ 1,457	\$ —	\$ 160	\$ 1,297	
GSE CMOs	3,600	1	300	3,301	
Private Label CMOs	185	6	—	191	
Total mortgage-related debt securities	\$ 5,242	\$ 7	\$ 460	\$ 4,789	
Other Debt Securities:					
U. S. Treasury obligations	\$ 1,491	\$ —	\$ 4	\$ 1,487	
GSE debentures	1,749	—	351	1,398	
Asset-backed securities ⁽¹⁾	375	—	14	361	
Municipal bonds	30	—	—	30	
Corporate bonds	913	2	30	885	
Foreign Notes	20	—	—	20	
Capital trust notes	97	5	12	90	
Total other debt securities	\$ 4,675	\$ 7	\$ 411	\$ 4,271	
Total other securities available for sale	\$ 9,917	\$ 14	\$ 871	\$ 9,060	
Equity securities:					
Mutual funds	\$ 16	\$ —	\$ 2	\$ 14	
Total equity securities	\$ 16	\$ —	\$ 2	\$ 14	
Total securities ⁽²⁾	\$ 9,933	\$ 14	\$ 873	\$ 9,074	

(1) The underlying assets of the asset-backed securities are substantially guaranteed by the U.S. Government.

(2) Excludes accrued interest receivable of \$ 31 million included in other assets in the Consolidated Statements of Condition.

At March 31, 2023, the Company had \$ 827 million and \$ 329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. At December 31, 2022, the Company had \$ 762 million and \$ 329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. The Company maintains an investment in FHLB-NY stock partly in conjunction with its membership in the FHLB and partly related to its access to the FHLB funding it utilizes. In addition, at March 31, 2023, the Company had \$ 200 million of Federal Reserve Bank stock, at cost. The Company had \$ 176 million of Federal Reserve Bank stock, at December 31, 2022.

There were no net unrealized (loss) gains on equity securities recognized in earnings for the three months ended March 31, 2023. For the three months ended March 31, 2022, there was a net unrealized loss of \$ 1 million.

The following table summarizes, by contractual maturity, the amortized cost of securities at March 31, 2023:

		U.S. Government and GSE	State, County, and			
		Mortgage- Related Securities	Obligations	Municipal	Other Debt Securities ⁽¹⁾	Fair Value
(in millions)						
Available-for-Sale Debt Securities:						
Due within one year	\$ 21	\$ 97	\$ —	\$ 20	\$ 136	
Due from one to five years	175	300	—	459	926	
Due from five to ten years	328	1,377	18	469	1,839	
Due after ten years	4,609	125	—	378	4,698	
Total debt securities available for sale	\$ 5,133	\$ 1,899	\$ 18	\$ 1,326	\$ 7,599	

(1) Includes corporate bonds, capital trust notes, foreign notes, and asset-backed securities.

The following table presents securities having a continuous unrealized loss position for less than twelve months and for twelve months or longer as of March 31, 2023:

(in millions)	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Temporarily Impaired Securities:						
U.S. Government agency and GSE obligations	\$ 343	\$ 4	\$ 1,196	\$ 306	\$ 1,539	\$ 310
GSE certificates	239	5	757	138	996	143
Private Label CMOs	4	1	—	—	4	1
GSE CMOs	1,378	17	1,215	267	2,593	284
Asset-backed securities	94	1	241	9	335	10
Municipal bonds	—	—	7	—	7	—
Corporate bonds	334	3	373	30	707	33
Foreign notes	19	1	—	—	19	1
Capital trust notes	23	1	56	12	79	13
Equity securities	—	—	14	2	14	2
Total temporarily impaired securities	\$ 2,434	\$ 33	\$ 3,859	\$ 764	\$ 6,293	\$ 797

The following table presents securities having a continuous unrealized loss position for less than twelve months and for twelve months or longer as of December 31, 2022:

(in millions)	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Temporarily Impaired Securities:						
U. S. Treasury obligations	\$ 1,487	\$ 4	—	—	\$ 1,487	\$ 4
U.S. Government agency and GSE obligations	243	5	1,156	346	1,399	351
GSE certificates	871	46	420	114	1,291	160
GSE CMOs	2,219	36	925	264	3,144	300
Asset-backed securities	61	2	262	12	323	14
Municipal bonds	9	—	7	—	16	—
Corporate bonds	698	27	97	4	795	31
Foreign notes	20	—	—	—	20	—
Capital trust notes	46	2	34	10	80	12
Equity securities	4	—	10	2	14	2
Total temporarily impaired securities	\$ 5,658	\$ 122	\$ 2,911	\$ 752	\$ 8,569	\$ 874

The investment securities designated as having a continuous loss position for twelve months or more at March 31, 2023 consisted of fifty-four agency collateralized mortgage obligations, six capital trusts notes, seven asset-backed securities, eight corporate bonds, thirty-three US government agency bonds, 242 mortgage-backed securities, one mutual fund, and one municipal bond. The investment securities designated as having a continuous loss position for twelve months or more at December 31, 2022 consisted of twenty-three agency collateralized mortgage obligations, five capital trusts notes, seven asset-backed securities, two corporate bonds, thirty-three US government agency bonds, 133 mortgage-backed securities, one mutual fund, and one municipal bond.

The Company evaluates available-for-sale debt securities in unrealized loss positions at least quarterly to determine if an allowance for credit losses is required. We also assess whether (i) we intend to sell, or (ii) it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. If either of these criteria is met, any previously recognized allowances are charged off and the security's amortized cost basis is written down to fair value through income. If neither of the aforementioned criteria are met, we evaluate whether the decline in fair value has resulted from credit losses or other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

In the first quarter of 2023, the company held a \$ 20 million corporate bond in Signature Bank which was placed into receivership on March 12, 2023. We have taken a \$ 20 million provision for credit loss and charged-off this security during the three months ended March 31, 2023.

None of the remaining unrealized losses identified as of March 31, 2023 or December 31, 2022 relates to the marketability of the securities or the issuers' ability to honor redemption obligations. Rather, the unrealized losses relate to changes in interest rates relative to when the investment securities were purchased, and do not indicate credit-related impairment. Management based this conclusion on an analysis of each issuer including a detailed credit assessment of each issuer. The Company does not intend to sell, and it is not more likely than not that the Company will be required to sell the positions before the recovery of their amortized cost basis, which may be at maturity. As such, no allowance for credit losses remains with respect to debt securities as of March 31, 2023.

Note 6 - Loans and Leases

The Company classifies loans that we have the intent and ability to hold for the foreseeable future or until maturity as LHFI. We report LHFI loans at their amortized cost, which includes the outstanding principal balance adjusted for any unamortized premiums, discounts, deferred fees and unamortized fair value for acquired loans:

(dollars in millions)	March 31, 2023		December 31, 2022			
	Amount	Percent of Loans Held for Investment	Amount	Percent of Loans Held for Investment		
			March 31, 2023	December 31, 2022		
Loans and Leases Held for Investment:						
Mortgage Loans:						
Multi-family	\$ 38,004	46.0 %	\$ 38,130	55.3 %		
Commercial real estate	10,464	12.7 %	8,526	12.4 %		
One-to-four family first mortgage	5,934	7.2 %	5,821	8.4 %		
Acquisition, development, and construction	2,203	2.7 %	1,996	2.9 %		
Total mortgage loans held for investment⁽¹⁾	56,605	68.6 %	\$ 54,473	78.9 %		
Other Loans:						
Commercial and industrial	20,217	24.5 %	10,597	15.4 %		
Lease financing, net of unearned income of \$ 88 and \$ 90, respectively	3,140	3.8 %	1,679	2.4 %		
Total commercial and industrial loans⁽²⁾	23,357	28.3 %	12,276	17.8 %		
Other	2,585	3.1 %	2,252	3.3 %		
Total other loans held for investment	25,942	31.4 %	14,528	21.1 %		
Total loans and leases held for investment⁽¹⁾	\$ 82,547	100.0 %	\$ 69,001	100.0 %		
Allowance for credit losses on loans and leases	(550)		(393)			
Total loans and leases held for investment, net	81,997		68,608			
Loans held for sale, at fair value	1,305		1,115			
Total loans and leases, net	\$ 83,302		\$ 69,723			

(1) Excludes accrued interest receivable of \$ 365 million and \$ 292 million at March 31, 2023 and December 31, 2022, respectively, which is included in other assets in the Consolidated Statements of Condition.

(2) Includes specialty finance loans and leases of \$ 4.8 billion and \$ 4.4 billion at March 31, 2023 and December 31, 2022, respectively.

Loans with Government Guarantees

Substantially all LGG are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs. Nonperforming repurchased loans in this portfolio earn interest at a rate based upon the 10-year U.S. Treasury note rate from the time the underlying loan becomes 60 days delinquent until the loan is conveyed to HUD (if foreclosure timelines are met), which is not paid by the FHA until claimed. The Bank has a unilateral option to repurchase loans sold to GNMA if the loan is due, but unpaid, for three consecutive months (typically referred to as 90 days past due) and can recover losses through a claims process from the guarantor. These loans are recorded in loans held for investment and the liability to repurchase the loans is recorded in other liabilities on the Consolidated Statements of Condition. Certain loans within our portfolio may be subject to indemnifications and insurance limits which expose us to limited credit risk. As of March 31, 2023, LGG loans totaled \$ 0.7 billion and the repurchase liability was \$ 0.3 billion.

Repossessed assets and the associated net claims related to government guaranteed loans are recorded in other assets and was \$ 13 million at March 31, 2023.

Loans Held-for-Sale

Loans held-for-sale at March 31, 2023 totaled \$ 1.3 billion, up from \$ 1.1 billion at December 31, 2022. The Signature Transaction added \$ 360 million Small Business Administration ("SBA") loans to this increase. We classify loans as held for sale when we originate or purchase loans that we intend to sell. We have elected the fair value option for nearly all of this portfolio, except the SBA loans. We estimate the fair value of mortgage loans based on quoted market prices for securities backed by similar types of loans, where available, or by discounting estimated cash flows using observable inputs inclusive of interest rates, prepayment speeds and loss assumptions for similar collateral.

Asset Quality

All asset quality information excludes LGG that are insured by U.S government agencies.

A loan generally is classified as a non-accrual loan when it is 90 days or more past due or when it is deemed to be impaired because the Company no longer expects to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, management ceases the accrual of interest owed, and previously accrued interest is charged against interest income. A loan is generally returned to accrual status when the loan is current and management has reasonable assurance that the loan will be fully collectible. Interest income on non-accrual loans is recorded when received in cash. At March 31, 2023 we had \$ 13 million of loans that were nonperforming and still accruing and at December 31, 2022, all of our non-performing loans were non-accrual loans.

The following table presents information regarding the quality of the Company's loans held for investment at March 31, 2023:

(in millions)	Loans 30-89 Days			Loans 90 Days or More			Total Loans Receivable
	Past Due		Non- Accrual Loans	Delinquent and Still Accruing Interest		Total Past Due Loans	Current Loans
	Loans 30-89 Days	Past Due	Non- Accrual Loans	Delinquent and Still Accruing Interest	Total Past Due Loans	Current Loans	
Multi-family	\$ 72	\$ 13	\$ —	\$ 85	\$ 37,919	\$ 38,004	
Commercial real estate	15	21	—	36	10,428	10,464	
One-to-four family first mortgage	20	84	—	104	5,830	5,934	
Acquisition, development, and construction	—	—	—	—	2,203	2,203	
Commercial and industrial ⁽¹⁾	57	30	13	100	23,257	23,357	
Other	11	—	—	11	2,574	2,585	
Total	\$ 175	\$ 148	\$ 13	\$ 336	\$ 82,211	\$ 82,547	

(1) Includes lease financing receivables, all of which were current.

The following table presents information regarding the quality of the Company's loans held for investment at December 31, 2022:

(in millions)	Loans 30-89 Days			Loans 90 Days or More			Total Loans Receivable
	Past Due		Non- Accrual Loans	Delinquent and Still Accruing Interest		Total Past Due Loans	Current Loans
	Loans 30-89 Days	Past Due	Non- Accrual Loans	Delinquent and Still Accruing Interest	Total Past Due Loans	Current Loans	
Multi-family	\$ 34	\$ 13	\$ —	\$ 47	\$ 38,083	\$ 38,130	
Commercial real estate	2	20	—	22	8,504	8,526	
One-to-four family first mortgage	21	92	—	113	5,708	5,821	
Acquisition, development, and construction	—	—	—	—	1,996	1,996	
Commercial and industrial ⁽¹⁾	—	7	—	7	12,269	12,276	
Other	13	9	—	22	2,230	2,252	
Total	\$ 70	\$ 141	\$ —	\$ 211	\$ 68,790	\$ 69,001	

(1) Includes lease financing receivables, all of which were current.

The following table summarizes the Company's portfolio of loans held for investment by credit quality indicator at March 31, 2023:

(in millions)	Mortgage Loans						Other Loans			
	Commercial Real		One-to- Four		Acquisition, Development, and Construction		Total Mortgage Loans		Commercial and Industrial ⁽¹⁾	
	Multi- Family	Estate	Family	Family	Construction	Loans	Industrial	Other	Total Other Loans	
Credit Quality Indicator:										
Pass	\$ 36,497	\$ 9,567	\$ 5,832	\$ 2,196	\$ 54,092	\$ 23,164	\$ 2,566	\$ 25,730		
Special mention	926	403	8	7	1,344	68	—	68		
Substandard	581	494	94	—	1,169	125	19	144		
Total	\$ 38,004	\$ 10,464	\$ 5,934	\$ 2,203	\$ 56,605	\$ 23,357	\$ 2,585	\$ 25,942		

(1) Includes lease financing receivables, all of which were classified as Pass.

The following table summarizes the Company's portfolio of loans held for investment by credit quality indicator at December 31, 2022:

(in millions)	Mortgage Loans						Other Loans			
	Commercial Real		One-to- Four		Acquisition, Development, and Construction		Total Mortgage Loans		Commercial and Industrial ⁽¹⁾	
	Multi- Family	Estate	Family	Family	Construction	Loans	Industrial	Other	Total Other Loans	
Credit Quality Indicator:										
Pass	\$ 36,622	\$ 7,871	\$ 5,710	\$ 1,992	\$ 52,195	\$ 12,208	\$ 2,238	\$ 14,446		
Special mention	864	230	8	4	1,106	18	—	18		
Substandard	644	425	103	—	1,172	50	14	64		
Doubtful	—	—	—	—	0	—	—	—		
Total	\$ 38,130	\$ 8,526	\$ 5,821	\$ 1,996	\$ 54,473	\$ 12,276	\$ 2,252	\$ 14,528		

(1) Includes lease financing receivables, all of which were classified as Pass.

The preceding classifications are the most current ones available and generally have been updated within the last twelve months. In addition, they follow regulatory guidelines and can generally be described as follows: pass loans are of satisfactory quality; special mention loans have potential weaknesses that deserve management's close attention; substandard loans are inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged (these loans have a well-defined weakness and there is a possibility that the Company will sustain some loss); and doubtful loans, based on existing circumstances, have weaknesses that make collection or liquidation in full highly questionable and improbable. In addition, one-to-four family loans are classified based on the duration of the delinquency.

The following table presents, by credit quality indicator, loan class, and year of origination, the amortized cost basis of the Company's loans and leases as of March 31, 2023:

(in millions)	Vintage Year										Total
						Revolving Loans Converted to Term					
	2023	2022	2021	2020	2019	Prior To 2019	Revolving Loans	Loans	5		
Pass	\$ 935	\$ 14,349	\$ 10,976	\$ 9,217	\$ 5,531	\$ 12,800	\$ 279	\$ 5	\$ 54,092		
Special Mention	—	—	80	168	262	833	1	—	—	1,344	
Substandard	12	2	14	46	237	855	—	3	—	1,169	
Total mortgage loans	<u>\$ 947</u>	<u>\$ 14,351</u>	<u>\$ 11,070</u>	<u>\$ 9,431</u>	<u>\$ 6,030</u>	<u>\$ 14,488</u>	<u>\$ 280</u>	<u>\$ 8</u>	<u>\$ 56,605</u>		
Current-period gross writeoffs	—	—	—	—	—	(2)	—	—	—	(2)	
Pass	\$ 5,095	\$ 4,728	\$ 2,667	\$ 1,519	\$ 1,246	\$ 1,025	\$ 9,389	\$ 61	\$ 25,730		
Special Mention	3	13	3	3	18	17	11	—	—	68	
Substandard	1	16	8	29	7	45	31	7	—	144	
Total other loans	<u>\$ 5,099</u>	<u>\$ 4,757</u>	<u>\$ 2,678</u>	<u>\$ 1,551</u>	<u>\$ 1,271</u>	<u>\$ 1,087</u>	<u>\$ 9,431</u>	<u>\$ 68</u>	<u>\$ 25,942</u>		
Current-period gross writeoffs	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (3)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (3)</u>		
Total	<u><u>\$ 6,046</u></u>	<u><u>\$ 19,108</u></u>	<u><u>\$ 13,748</u></u>	<u><u>\$ 10,982</u></u>	<u><u>\$ 7,301</u></u>	<u><u>\$ 15,575</u></u>	<u><u>\$ 9,711</u></u>	<u><u>\$ 76</u></u>	<u><u>\$ 82,547</u></u>		

When management determines that foreclosure is probable, for loans that are individually evaluated the expected credit losses are based on the fair value of the collateral adjusted for selling costs. When the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, the collateral-dependent practical expedient has been elected and expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. For CRE loans, collateral properties include office buildings, warehouse/distribution buildings, shopping centers, apartment buildings, residential and commercial tract development. The primary source of repayment on these loans is expected to come from the sale, permanent financing or lease of the real property collateral. CRE loans are impacted by fluctuations in collateral values, as well as the ability of the borrower to obtain permanent financing.

The following table summarizes the extent to which collateral secures the Company's collateral-dependent loans held for investment by collateral type as of March 31, 2023:

(in millions)	Collateral Type		3
	Real Property	Other	
Multi-family	\$ 13	—	—
Commercial real estate	18	—	—
One-to-four family first mortgage	92	—	—
Acquisition, development, and construction	—	—	—
Commercial and industrial	—	3	—
Other	10	—	—
Total collateral-dependent loans held for investment	<u>\$ 133</u>	<u>\$ 3</u>	<u>—</u>

Other collateral type consists of taxi medallions, cash, accounts receivable and inventory.

There were no significant changes in the extent to which collateral secures the Company's collateral-dependent financial assets during the three months ended March 31, 2023.

At March 31, 2023 and December 31, 2022, the Company had \$ 122 million of residential mortgage loans in the process of foreclosure and no residential mortgage loans in the process of foreclosure, respectively.

Modifications to Borrowers Experiencing Financial Difficulty

Effective January 1, 2023, the Company adopted ASU 2022-02- Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. For additional information on the adoption, refer to Note 1 - Organization and Basis of Presentation.

When borrowers are experiencing financial difficulty, the Company may make certain loan modifications as part of loss mitigation strategies to maximize expected payment. Modifications in the form of principal forgiveness, an interest rate reduction, or an other-than-insignificant payment delay or a term extension that have occurred in the current reporting period to a borrower experiencing financial difficulty are disclosed along with the financial impact of the modifications.

The following table summarizes the amortized cost basis of loans modified during the reporting period to borrowers experiencing financial difficulty, disaggregated by class of financing receivable and type of modification:

(dollars in millions)	Amortized Cost				Percent of Total Loan class
	Interest Rate Reduction	Term Extension	Combination - Interest Rate Reduction & Term Extension	Total	
Commercial real estate	\$ 44	\$ —	\$ —	\$ 44	0.42 %
One-to-four family first mortgage	—	1	1	2	0.03 %
Total	\$ 44	\$ 1	\$ 1	\$ 46	

The following table describes the financial effect of the modification made to borrowers experiencing financial difficulty:

(dollars in millions)	Interest Rate Reduction		Term Extension	
	Weighted-average contractual interest rate			
	From	To		
Commercial real estate	10.50 %	4.0 %		
One-to-four family first mortgage	4.84 %	3.97 %	12.7	

As of March 31, 2023, there was \$1 million of one-to-four family first mortgages that were modified for borrowers experiencing financial difficulty that received term extension and combination modifications and subsequently defaulted during the period.

The performance of loans made to borrowers experiencing financial difficulty in which modifications were made is closely monitored to understand the effectiveness of modification efforts. Loans are considered to be in payment default at 90 or more days past due. The following table depicts the performance of loans that have been modified during the reporting period:

(dollars in millions)	March 31, 2023				Total
	Current	30 - 89 Past Due	90+ Past Due	Total	
Commercial real estate	\$ 44	\$ —	\$ —	\$ 44	44
One-to-four family first mortgage	—	—	3	3	3
Total	\$ 44	\$ —	\$ 3	\$ 47	

Troubled Debt Restructurings Prior to Adoption of ASU 2022-02

Prior to the adoption of ASU 2022-02, the Company accounted for certain loan modifications and restructurings as TDRs. In general, a modification or restructuring of a loan constituted a TDR if the Company granted a concession to a borrower experiencing financial difficulty. A loan modified as a TDR was generally placed on non-accrual status until the Company determined that future collection of principal and interest is reasonably assured, which requires, among other things, that the borrower demonstrate performance according to the restructured terms for a period of at least six consecutive months. In determining the Company's allowance for loan and lease losses, reasonably expected TDRs were individually evaluated and consist of criticized, classified, or maturing loans that will have a modification processed within the next three months.

In an effort to proactively manage delinquent loans, the Company has selectively extended to certain borrowers concessions such as rate reductions, extension of maturity dates, and forbearance agreements. As of March 31, 2022, loans on which concessions were made with respect to rate reductions and/or extension of maturity dates amounted to \$ 47 million.

The following table presents information regarding the Company's TDRs as of March 31, 2022:

(dollars in millions)	March 31, 2022		
	Accruing	Non- Accrual	Total
Loan Category:			
Multi-family	\$ —	\$ 7	\$ 7
Commercial real estate	16	19	35
Commercial and industrial ⁽¹⁾	—	5	5
Total	\$ 16	\$ 31	\$ 47

(1) Includes \$ 5 million of taxi medallion-related loans at March 31, 2022.

The financial effects of the Company's TDRs for the three months ended March 31, 2022 are summarized as follows:

(dollars in millions)	For the Three Months Ended March 31, 2022						
	Number of Loans	Pre- Modification Recorded Investment		Post- Modification Recorded Investment		Weighted Average Interest Rate	
		Pre- Modification	Post- Modification	Pre- Modification	Post- Modification	Charge- off Amount	Capitalized Interest
Loan Category:							
Commercial real estate	1	\$ 22	\$ 19	6.00 %	4.00 %	\$ 3	\$ —

Note 7 - Allowance for Credit Losses on Loans and Leases

Allowance for Credit Losses on Loans and Leases

The following table summarizes activity in the allowance for loan and lease losses for the periods indicated:

(in millions)	For the Three Months Ended March 31,					
	2023			2022		
	Mortgage	Other	Total	Mortgage	Other	Total
Balance, beginning of period	\$ 290	\$ 103	\$ 393	\$ 178	\$ 21	\$ 199
Adjustment for Purchased PCD Loans	—	13	13	—	—	0
Charge-offs	(2)	(3)	(5)	(3)	—	(3)
Recoveries	—	5	5	—	2	2
Provision for (recovery of) credit losses on loans and leases	(5)	149	144	1	(2)	(1)
Balance, end of period	\$ 283	\$ 267	\$ 550	\$ 176	\$ 21	\$ 197

At March 31, 2023, the allowance for credit losses on loans and leases totaled \$ 550 million, up \$ 157 million compared to December 31, 2022, driven primarily by the initial provision for credit losses and the adjustment for PCD loans acquired in the Signature Transaction.

At March 31, 2023 and December 31, 2022, the allowance for unfunded commitments totaled \$ 29 million and \$ 23 million, respectively.

For the three months ended March 31, 2023 the increase in the allowance for credit losses on loans and leases was primarily driven by a combination of increased loan balances as a result of the Signature Transaction and changes in the macroeconomic environment both on a spot and forecasted basis, specifically the inflationary pressures leading to sharp increases in interest rates and a slow-down of prepayment activity leading to longer weighted average lives on the balance sheet. In addition, the impact of the forecasted macroeconomic factors had resultant decreases on market level factors in Property Prices on the Multi-Family, Commercial Real Estate and 1-4 Family loan portfolios reflecting the changing economic landscape.

The Company charges off loans, or portions of loans, in the period that such loans, or portions thereof, are deemed uncollectible. The collectability of individual loans is determined through an assessment of the financial condition and repayment capacity of the borrower and/or through an estimate of the fair value of any underlying collateral. For non-real estate-related consumer credits, the following past-due time periods determine when charge-offs are typically recorded: (1) closed-end credits are charged off in the quarter that the loan becomes 120 days past due; (2) open-end credits are charged off in the quarter that the loan becomes 180 days past due; and (3) both closed-end and open-end credits are typically charged off in the quarter that the credit is 60 days past the date the Company received notification that the borrower has filed for bankruptcy.

The following table presents additional information about the Company's nonaccrual loans at March 31, 2023:

(in millions)	Recorded Investment	Related Allowance	Interest Income Recognized
Nonaccrual loans with no related allowance:			
Multi-family			
Commercial real estate	\$ 18	—	—
One-to-four family first mortgage	77	—	—
Acquisition, development, and construction	—	—	—
Other (includes C&I)	16	—	—
Total nonaccrual loans with no related allowance	\$ 124	\$ —	\$ —
Nonaccrual loans with an allowance recorded:			
Multi-family			
Commercial real estate	\$ 3	—	—
One-to-four family first mortgage	7	1	—
Acquisition, development, and construction	—	—	—
Other (includes C&I)	14	14	—
Total nonaccrual loans with an allowance recorded	\$ 24	\$ 15	\$ —
Total nonaccrual loans:			
Multi-family			
Commercial real estate	\$ 21	—	—
One-to-four family first mortgage	84	1	—
Acquisition, development, and construction	—	—	—
Other (includes C&I)	30	14	—
Total nonaccrual loans	\$ 148	\$ 15	\$ —

The following table presents additional information about the Company's nonaccrual loans at December 31, 2022:

(in millions)	Recorded Investment	Related Allowance	Interest Income Recognized
Nonaccrual loans with no related allowance:			
Multi-family	\$ 13	\$ —	\$ —
Commercial real estate	19	—	1
One-to-four family first mortgage	90	—	—
Other (includes C&I)	3	—	—
Total nonaccrual loans with no related allowance	\$ 125	\$ —	\$ 1
Nonaccrual loans with an allowance recorded:			
Commercial real estate	\$ 1	\$ —	\$ —
One-to-four family first mortgage	2	—	—
Other (includes C&I)	13	14	—
Total nonaccrual loans with an allowance recorded	\$ 16	\$ 14	\$ —
Total nonaccrual loans:			
Multi-family	\$ 13	\$ —	\$ —
Commercial real estate	20	—	1
One-to-four family first mortgage	92	—	—
Acquisition, development, and construction	—	—	—
Other (includes C&I)	16	14	—
Total nonaccrual loans	\$ 141	\$ 14	\$ 1

Note 8 - Leases

Lessor Arrangements

The Company is a lessor in the equipment finance business where it has executed direct financing leases ("lease finance receivables"). The Company produces lease finance receivables through a specialty finance subsidiary that participates in syndicated loans that are brought to them, and equipment loans and leases that are assigned to them, by a select group of nationally recognized sources, and are generally made to large corporate obligors, many of which are publicly traded, carry investment grade or near-investment grade ratings, and participate in stable industries nationwide. Lease finance receivables are carried at the aggregate of lease payments receivable plus the estimated residual value of the leased assets and any initial direct costs incurred to originate these leases, less unearned income, which is accreted to interest income over the lease term using the interest method.

The standard leases are typically repayable on a level monthly basis with terms ranging from 24 to 120 months. At the end of the lease term, the lessee usually has the option to return the equipment, to renew the lease or purchase the equipment at the then fair market value ("FMV") price. For leases with a FMV renewal/purchase option, the relevant residual value assumptions are based on the estimated value of the leased asset at the end of the lease term, including evaluation of key factors, such as, the estimated remaining useful life of the leased asset, its historical secondary market value including history of the lessee executing the FMV option, overall credit evaluation and return provisions. The Company acquires the leased asset at fair market value and provides funding to the respective lessee at acquisition cost, less any volume or trade discounts, as applicable. Therefore, there is generally no selling profit or loss to recognize or defer at inception of a lease.

The residual value component of a lease financing receivable represents the estimated fair value of the leased equipment at the end of the lease term. In establishing residual value estimates, the Company may rely on industry data, historical experience, and independent appraisals and, where appropriate, information regarding product life cycle, product upgrades and competing products. Upon expiration of a lease, residual assets are remarketed, resulting in either an extension of the lease by the lessee, a lease to a new customer or purchase of the residual asset by the lessee or another party. Impairment of residual values arises if the expected fair value is less than the carrying amount. The Company assesses its net investment in lease financing receivables (including residual values) for impairment on an annual basis with any impairment losses recognized in accordance with the impairment guidance for financial instruments. As such, net investment in lease financing receivables may be reduced by an allowance for credit losses with changes recognized as provision expense. On certain lease financings, the Company obtains residual value insurance from third parties to manage and reduce the risk associated with the residual value of the leased assets. At March 31, 2023 and December 31, 2022, the carrying value of residual assets with third-party residual value insurance for at least a portion of the asset value was \$ 389 million and \$ 32 million, respectively.

The Company uses the interest rate implicit in the lease to determine the present value of its lease financing receivables.

The components of lease income were as follows:

(in millions)	For the Three Months Ended March 31,		For the Three Months Ended	
	2023	2022	March 31, 2023	March 31, 2022
Interest income on lease financing ⁽¹⁾	\$ 20	\$ 12		

(1) Included in Interest Income – Loans and leases in the Consolidated Statements of Income and Comprehensive Income.

At March 31, 2023 and December 31, 2022, the carrying value of net investment in leases was \$ 3.2 billion and \$ 1.7 billion, respectively. The components of net investment in direct financing leases, including the carrying amount of the lease receivables, as well as the unguaranteed residual asset were as follows:

(in millions)	March 31, 2023	December 31, 2022
Net investment in the lease - lease payments receivable	\$ 2,790	\$ 1,685
Net investment in the lease - unguaranteed residual assets	420	60
Total lease payments	3,210	\$ 1,745

The following table presents the remaining maturity analysis of the undiscounted lease receivables, as well as the reconciliation to the total amount of receivables recognized in the Consolidated Statements of Condition:

(in millions)	March 31, 2023
2023	\$ 395
2024	533
2025	720
2026	578
2027	486
Thereafter	498
Total lease payments	\$ 3,210
Plus: deferred origination costs	18
Less: unearned income	(88)
Total lease finance receivables, net	\$ 3,140

Lessee Arrangements

The Company has operating leases for corporate offices, branch locations, and certain equipment. These leases generally have terms of 20 years or less, determined based on the contractual maturity of the lease, and include periods covered by options to extend or terminate the lease when the Company is reasonably certain that it will exercise those options. For the vast majority of the Company's leases, we are not reasonably certain we will exercise our options to renew to the end of all renewal option periods. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the Consolidated Statements of Condition.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the vast majority of the leases do not provide an implicit rate, the incremental borrowing rate (FHLB borrowing rate) is used based on the information available at commencement date in determining the present value of lease payments. The implicit rate is used when readily determinable. The operating lease ROU asset is measured at cost, which includes the initial measurement of the lease liability, prepaid rent and initial direct costs incurred by the Company, less incentives received.

Variable costs such as the proportionate share of actual costs for utilities, common area maintenance, property taxes and insurance are not included in the lease liability and are recognized in the period in which they are incurred.

The components of lease expense were as follows:

(in millions)	For the Three Months Ended March 31, 2023		For the Three Months Ended March 31, 2022	
	2023	2022	2023	2022
Operating lease cost	11	\$ 7	—	—
Sublease income	—	—	—	—
Total lease cost	\$ 11	\$ 7		

Supplemental cash flow information related to the leases for the following periods:

(in millions)	For the Three Months Ended March 31, 2023		For the Three Months Ended March 31, 2022	
	2023	2022	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 10	\$ 7		

Supplemental balance sheet information related to the leases for the following periods:

(in millions, except lease term and discount rate)	March 31, 2023		December 31, 2022	
	2023	2022	2023	2022
Operating Leases:				
Operating lease right-of-use assets ⁽¹⁾	\$ 350	\$ 119		
Operating lease liabilities ⁽²⁾	\$ 353	\$ 122		
Weighted average remaining lease term	8.75 years	6 years		
Weighted average discount rate %	3.27 %	3.85 %		

(1) Included in Other assets in the Consolidated Statements of Condition.

(2) Included in Other liabilities in the Consolidated Statements of Condition.

(in millions)	March 31, 2023	
	2023	2022
Maturities of lease liabilities:		
2023	\$ 43	43
2024		65
2025		57
2026		48
2027		44
Thereafter		168
Total lease payments	\$ 425	
Less: imputed interest	\$ (72)	
Total present value of lease liabilities	\$ 353	

Note 9 - Mortgage Servicing Rights

The Company has investments in MSRs that result from the sale of loans to the secondary market for which we retain the servicing. The Company accounts for MSRs at their fair value. A primary risk associated with MSRs is the potential reduction in fair value as a result of higher than anticipated prepayments due to loan refinancing prompted, in part, by declining interest rates or government intervention. Conversely, these assets generally increase in value in a rising interest rate environment to the extent that prepayments are slower than anticipated. The Company utilizes derivatives as economic hedges to offset changes in the fair value of the MSRs resulting from the actual or anticipated changes in prepayments stemming from changing interest rate environments. There is also a risk of valuation decline due to higher than expected default rates, which we do not believe can be effectively managed using derivatives. For further information regarding the derivative instruments utilized to manage our MSR risks, see Note 14 - Derivative and Hedging Activities.

Changes in the fair value of residential first mortgage MSRs were as follows:

(in millions)	Three months ended March 31, 2023	
Balance at beginning of period, December 1, 2022	\$	1,033
Additions from loans sold with servicing retained		38
Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes, and other ⁽¹⁾		(18)
Changes in estimates of fair value due to interest rate risk ^{(1) (2)}		(19)
Fair value of MSRs at end of period	\$	1,034

(1) Changes in fair value are included within net return on mortgage servicing rights on the Consolidated Statements of Income and Comprehensive Income.

(2) Represents estimated MSR value change resulting primarily from market-driven changes which we manage through the use of derivatives.

The following table summarizes the hypothetical effect on the fair value of servicing rights using adverse changes of 10 percent and 20 percent to the weighted average of certain significant assumptions used in valuing these assets:

(dollars in millions)	March 31, 2023		
	Fair Value		
	Actual	10% adverse change	20% adverse change
Option adjusted spread	5.8 % \$	1,014 \$	994
Constant prepayment rate	8.1 %	999	966
Weighted average cost to service per loan	\$ 68	\$ 1,025	\$ 1,015

(dollars in millions)	December 31, 2022		
	Fair Value		
	Actual	10% adverse change	20% adverse change
Option adjusted spread	5.9 % \$	1,012 \$	992
Constant prepayment rate	7.9 %	1,000	970
Weighted average cost to service per loan	\$ 68	\$ 1,023	\$ 1,013

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance. Changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. To isolate the effect of the specified change, the fair value shock analysis is consistent with the identified adverse change, while holding all other assumptions constant. In practice, a change in one assumption generally impacts other assumptions, which may either magnify or counteract the effect of the change. For further information on the fair value of MSRs.

Contractual servicing and subservicing fees, including late fees and other ancillary income are presented below. Contractual servicing fees are included within net return on mortgage servicing rights on the Consolidated Statements of Income and Comprehensive Income. Contractual subservicing fees including late fees and other ancillary income are included within loan administration income on the Consolidated Statements of Income and Comprehensive Income. Subservicing fee income is recorded for fees earned on subserviced loans, net of third-party subservicing costs.

The following table summarizes income and fees associated with owned MSRs:

(in millions)	Three months ended March 31, 2023	
Net return on mortgage servicing rights		
Servicing fees, ancillary income and late fees ⁽¹⁾	\$ 56	56
Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes and other	(18)	(18)
Changes in fair value due to interest rate risk	(19)	(19)
Gain on MSR derivatives ⁽²⁾	3	3
Net transaction costs	(1)	(1)
Total return (loss) included in net return on mortgage servicing rights	<u>\$ 21</u>	<u>21</u>

(1) Servicing fees are recorded on an accrual basis. Ancillary income and late fees are recorded on a cash basis.

(2) Changes in the derivatives utilized as economic hedges to offset changes in fair value of the MSRs.

The following table summarizes income and fees associated with our mortgage loans subserviced for others:

(in millions)	Three months ended March 31, 2023	
Loan administration income on mortgage loans subserviced		
Servicing fees, ancillary income and late fees ⁽¹⁾	\$ 36	36
Charges on subserviced custodial balances ⁽²⁾	(29)	(29)
Other servicing charges	(1)	(1)
Total income on mortgage loans subserviced, included in loan administration	<u>\$ 6</u>	<u>6</u>

(1) Servicing fees are recorded on an accrual basis. Ancillary income and late fees are recorded on a cash basis.

(2) Charges on subserviced custodial balances represent interest due to MSR owner.

Note 10 - Variable Interest Entities

We have no consolidated VIEs as of March 31, 2023 and December 31, 2022.

In connection with our non-qualified mortgage securitization activities, we have retained a five percent interest in the investment securities of certain trusts ("other MBS") and are contracted as the subservicer of the underlying loans, compensated based on market rates, which constitutes a continuing involvement in these trusts. Although we have a variable interest in these securitization trusts, we are not their primary beneficiary due to the relative size of our investment in comparison to the total amount of securities issued by the VIE and our inability to direct activities that most significantly impact the VIE's economic performance. As a result, we have not consolidated the assets and liabilities of the VIE in our Consolidated Statements of Condition. The Bank's maximum exposure to loss is limited to our five percent retained interest in the investment securities that had a fair value of \$ 188 million as of March 31, 2023 as well as the standard representations and warranties made in conjunction with the loan transfers.

Note 11 - Borrowed Funds

The following table summarizes the Company's borrowed funds:

(in millions)	March 31, 2023	December 31, 2022
Wholesale borrowings:		
FHLB advances	\$ 20,350	\$ 20,325
Total wholesale borrowings	<u>\$ 20,350</u>	<u>\$ 20,325</u>
Junior subordinated debentures	576	575
Subordinated notes	434	432
Total borrowed funds	<u>\$ 21,360</u>	<u>\$ 21,332</u>

Accrued interest on borrowed funds is included in "Other liabilities" in the Consolidated Statements of Condition and amounted to \$ 58 million and \$ 37 million, respectively, at March 31, 2023 and December 31, 2022.

Junior Subordinated Debentures

At March 31, 2023 and December 31, 2022, the Company had \$ 576 million and \$ 608 million, respectively, of outstanding junior subordinated deferrable interest debentures ("junior subordinated debentures") held by statutory business trusts (the "Trusts") that issued guaranteed capital securities.

The following table presents contractual terms of the junior subordinated debentures outstanding at March 31, 2023:

Issuer	Interest Rate of Capital Securities and Debentures	Junior Subordinated Debentures Amount Outstanding ⁽³⁾		Capital Securities Amount Outstanding	Date of Original Issue	Stated Maturity
		Outstanding ⁽³⁾	(dollars in millions)			
New York Community Capital Trust V (BONUSES Units) (1)	0.06	\$ 147	\$ 141		Nov. 4, 2002	Nov. 1, 2051
New York Community Capital Trust X (2)	6.47	124	120		Dec. 14, 2006	Dec. 15, 2036
PennFed Capital Trust III (2)	8.12	31	30		June 2, 2003	June 15, 2033
New York Community Capital Trust XI (2)	6.81	59	58		April 16, 2007	June 30, 2037
Flagstar Statutory Trust II (2)	8.38	26	25		Dec. 26, 2002	Dec. 26, 2032
Flagstar Statutory Trust III (2)	8.08	26	25		Feb. 19, 2003	April 7, 2033
Flagstar Statutory Trust IV (2)	7.98	26	25		Mar. 19, 2003	Mar 19, 2033
Flagstar Statutory Trust V (2)	6.83	26	25		Dec 29, 2004	Jan. 7, 2035
Flagstar Statutory Trust VI (2)	6.83	26	25		Mar. 30, 2005	April 7, 2035
Flagstar Statutory Trust VII (2)	6.62	52	50		Mar. 29, 2005	June 15, 2035
Flagstar Statutory Trust VIII (2)	6.33	26	25		Sept. 22, 2005	Oct. 7, 2035
Flagstar Statutory Trust IX (2)	6.32	26	25		June 28, 2007	Sept. 15, 2037
Flagstar Statutory Trust X (2)	7.37	15	15		Aug. 31, 2007	Sept 15, 2037
Total junior subordinated debentures ⁽³⁾		\$ 610	\$ 589			

(1) Callable subject to certain conditions as described in the prospectus filed with the SEC on November 4, 2002.

(2) Callable at any time.

(3) Excludes Flagstar Acquisition fair value adjustments of \$ 32 million.

Subordinated Notes

At March 31, 2023 and December 31, 2022, the Company had a total of \$ 434 million and \$ 432 million subordinated notes outstanding; respectively, of fixed-to-floating rate subordinated notes outstanding:

Date of Original Issue	Stated Maturity	Interest Rate	Original Issue Amount
November 6, 2018	November 6, 2028 (1)	5.900 %	\$ 300
October 28, 2020	November 1, 2030 (2)	4.125 %	\$ 150

(1) From and including the date of original issuance to, but excluding November 6, 2023, the Notes will bear interest at an initial rate of 5.90 percent per annum payable semi-annually. Unless redeemed, from and including November 6, 2023 to but excluding the maturity date, the interest rate will reset quarterly to an annual interest rate equal to the then-current three-month LIBOR rate plus 278 basis point payable quarterly.

(2) From and including the date of original issuance, the Notes will bear interest at a fixed rate of 4.125 percent through October 31, 2025, and a variable rate tied to SOFR thereafter until maturity. The Company has the option to redeem all or a part of the Notes beginning on November 1, 2025, and on any subsequent interest payment date.

Note 12 - Pension and Other Post-Retirement Benefits

The following table sets forth certain disclosures for the Company's pension and post-retirement plans for the periods indicated:

(in millions)	For the Three Months Ended March 31,			
	2023		2022	
	Pension Benefits	Post Retirement Benefits ⁽²⁾	Pension Benefits	Post Retirement Benefits
Components of net periodic pension expense (credit) ⁽¹⁾				
Interest cost	\$ 1	\$ —	\$ 1	\$ —
Expected return on plan assets	(4)	—	(4)	—
Amortization of net actuarial loss	2	—	—	—
Net periodic (credit) expense	\$ (1)	\$ —	\$ (3)	\$ —

(1) Amounts are included in G&A expense on the Consolidated Statements of Income and Comprehensive Income.

(2) Post-retirement benefits balances round to zero.

The Company expects to contribute \$ 1 million to its post-retirement plan to pay premiums and claims for the fiscal year ending December 31, 2023. The Company does not expect to make any contributions to its pension plan in 2023.

Note 13 - Stock-Related Benefits Plans

Stock Based Compensation

At March 31, 2023, the Company had a total of 3,613,685 shares available for grants as restricted stock, options, or other forms of related rights under the 2020 Incentive Plan, which includes the remaining shares available, converted at the merger conversion factor from the legacy Flagstar Bancorp, Inc. 2016 Stock Plan. The Company granted 5,786,435 shares of restricted stock, with an average fair value of \$ 9.42 per share on the date of grant, during the three months ended March 31, 2023.

The shares of restricted stock that were granted during the three months ended March 31, 2023 and 2022, vest over a one- or five years period. Compensation and benefits expense related to the restricted stock grants is recognized on a straight-line basis over the vesting period and totaled \$ 8 million and \$ 7 million for the three months ended March 31, 2023 and 2022, respectively.

The following table provides a summary of activity with regard to restricted stock awards:

	For the Year Ended March 31, 2023		
	Number of Shares	Weighted Average Grant Date	
		Fair Value	
Unvested at beginning of year		9,576,602	\$ 10.92
Granted		5,786,435	9.42
Vested		(2,291,571)	11.50
Forfeited		(298,169)	11.29
Unvested at end of year		12,773,297	\$ 10.13

As of March 31, 2023, unrecognized compensation cost relating to unvested restricted stock totaled \$ 116 million. This amount will be recognized over a remaining weighted average period of 3.2 years.

The following table provides a summary of activity with regard to Performance-Based Restricted Stock Units ("PSUs") in the three months ended March 31, 2023:

	Number of Shares	Weighted Average Grant Date Fair Value	Performance Period	Expected Vesting Date
Outstanding at beginning of year	794,984	\$ 10.73		
Granted	566,656	8.95		
Released	(143,352)	10.34		
Forfeited	0	—		
			January 1, 2022 - December 31, 2025	
Outstanding at end of period	<u>1,218,288</u>	9.95	2025	March 31, 2023 - 2026

PSUs are subject to adjustment or forfeiture, based upon the achievement by the Company of certain performance standards. Compensation and benefits expense related to PSUs is recognized using the fair value as of the date the units were approved, on a straight-line basis over the vesting period and totaled \$ 1 million, and \$ 0 million for the three months ended March 31, 2023, and March 31, 2022, respectively. As of March 31, 2023, unrecognized compensation cost relating to unvested restricted stock totaled \$ 9 million. This amount will be recognized over a remaining weighted average period of 1.6 years. As of March 31, 2023, the Company believes it is probable that the performance conditions will be met.

Note 14 - Derivative and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposure to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate and liquidity risks, primarily by managing the amount, sources, and duration of its assets and liabilities and, the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the payment of future known and uncertain cash amounts, the value of which are determined by interest rates.

Derivative financial instruments are recorded at fair value in other assets and other liabilities on the Consolidated Statements of Condition. The Company's policy is to present our derivative assets and derivative liabilities on the Consolidated Statement of Condition on a gross basis, even when provisions allowing for set-off are in place. However, for derivative contracts cleared through certain central clearing parties, variation margin payments are recognized as settlements. We are exposed to non-performance risk by the counterparties to our various derivative financial instruments. A majority of our derivatives are centrally cleared through a Central Counterparty Clearing House or consist of residential mortgage interest rate lock commitments further limiting our exposure to non-performance risk. We believe that the non-performance risk inherent in our remaining derivative contracts is minimal based on credit standards and the collateral provisions of the derivative agreements.

Derivatives not designated as hedging instruments. The Company maintains a derivative portfolio of interest rate swaps, futures and forward commitments used to manage exposure to changes in interest rates and MSR asset values and to meet the needs of customers. The Company also enters into interest rate lock commitments, which are commitments to originate mortgage loans whereby the interest rate on the loan is determined prior to funding and the customers have locked into that interest rate. Market risk on interest rate lock commitments and mortgage LHFS is managed using corresponding forward sale commitments and US Treasury futures. Changes in the fair value of derivatives not designated as hedging instruments are recognized on the Consolidated Statements of Income and Comprehensive Income.

Derivatives designated as hedging instruments. The Company has designated certain interest rate swaps as cash flow hedges on LIBOR and overnight SOFR-based variable interest payments on federal home loan bank advances. Changes in the fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income on the Consolidated Statements of Condition and reclassified into interest expense in the same period in which the hedge transaction is recognized in earnings. At March 31, 2023, the Company had \$ 19 million (net-of-tax) of unrealized gains on derivatives classified as cash flow hedges recorded in accumulated other comprehensive loss. The Company had \$ 52 million (net-of-tax) of unrealized gains on derivatives classified as cash flow hedges recorded in accumulated other comprehensive loss at December 31, 2022.

Derivatives that are designated in hedging relationships are assessed for effectiveness using regression analysis at inception and qualitatively thereafter, unless regression analysis is deemed necessary. All designated hedge relationships were, and are expected to be, highly effective as of March 31, 2023.

Fair Value of Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of certain of its fixed-rate assets due to changes in interest rates. The Company uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate. Interest rate swaps designated as fair value hedges involve the payment of fixed-rate amounts to a counterparty in exchange for the Company receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. Such derivatives were used to hedge the changes in fair value of certain of its pools of prepayable fixed rate assets. For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income.

The Company has entered into interest rate swaps with a notional amounts of \$ 2.0 billion to hedge certain real estate loans using the portfolio layer method. For the three months ended March 31, 2023, the floating rate received related to the net settlement of this interest rate swap was greater than the fixed rate payments. As such, interest income from loans and leases in the accompanying Consolidated Statements of Income and Comprehensive Income was increased by \$ 1 million.

The fair value basis adjustment on our hedged real estate loans is included in loans and leases held for investment on our Consolidated Statements of Condition. The carrying amount of our hedged loans was \$ 6 billion at March 31, 2023, of which unrealized gains of \$ 2 million were due to the fair value hedge relationship. We have designated \$ 2.0 billion of this portfolio of loans in a hedging relationship as of March 31, 2023.

The following tables set forth information regarding the Company's derivative financial instruments:

(in millions)	March 31, 2023		
	Fair Value		
	Notional Amount	Other Assets	Other Liabilities
Derivatives designated as cash flow hedging instruments:			
Interest rate swap on FHLB advances	\$ 5,500	\$ —	\$ 7
Total	\$ 5,500	\$ —	\$ 7
Derivatives designated as fair value hedging instruments:			
Interest rate swap on multi-family loans held for investment	\$ 2,000	\$ —	\$ 2
Derivatives not designated as hedging instruments:			
Assets			
Futures	\$ —	\$ —	\$ —
Mortgage-backed securities forwards	542	5	—
Rate lock commitments	1,759	15	—
Interest rate swaps and swaptions	7,522	159	—
Total	\$ 9,823	\$ 179	\$ —
Liabilities			
Mortgage-backed securities forwards	\$ 1,466	\$ —	\$ 14
Rate lock commitments	218	—	7
Interest rate swaps and swaptions	2,247	—	49
Total derivatives not designated as hedging instruments	\$ 3,931	\$ —	\$ 70

(in millions)	December 31, 2022		
	Fair Value		
	Notional Amount	Other Assets	Other Liabilities
Derivatives designated as cash flow hedging instruments:			
Interest rate swap	\$ 3,750	\$ 5	\$ —
Total	\$ 3,750	\$ 5	\$ —
Derivatives not designated as hedging instruments:			
Assets			
Futures	\$ 1,205	\$ 2	\$ —
Mortgage-backed securities forwards	1,065	36	—
Rate lock commitments	1,539	9	—
Interest rate swaps and swaptions	7,594	182	—
Total	\$ 11,403	\$ 229	\$ —
Liabilities			
Mortgage-backed securities forwards	\$ 739	\$ —	\$ 61
Rate lock commitments	527	—	10
Interest rate swaps and swaptions	2,445	—	65
Total derivatives not designated as hedging instruments	\$ 3,711	\$ —	\$ 136

The following table presents the derivative subject to a master netting agreement, including the cash pledged as collateral:

(in millions)	March 31, 2023						Gross Amounts Not Offset in the Statements of Condition	
	Gross Amount	Gross Amounts Netted in the Statements of Condition		Net Amount Presented in the Statements of Condition		Financial Instruments	Cash Collateral Pledged (Received)	
		\$	\$	\$	\$			
Derivatives designated hedging instruments:								
Interest rate swaps on FHLB advances	\$ 7	\$ —	\$ —	\$ 7	\$ —	\$ —	\$ 96	
Interest rate swaps on multi-family loans held for investment ⁽¹⁾	\$ 2	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 35	
Derivatives not designated as hedging instruments:								
Assets								
Mortgage-backed securities forwards	\$ 5	\$ —	\$ —	\$ 5	\$ —	\$ —	\$ (3)	
Interest rate swaps	159	—	—	159	—	—	(24)	
Futures	—	—	—	—	—	—	—	
Total derivative assets	\$ 164	\$ —	\$ —	\$ 164	\$ —	\$ —	\$ (27)	
Liabilities								
Futures	\$ 1	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 3	
Mortgage-backed securities forwards	14	—	—	14	—	—	8	
Interest rate swaps ⁽¹⁾	49	—	—	49	—	—	44	
Total derivative liabilities	\$ 64	\$ —	\$ —	\$ 64	\$ —	\$ —	\$ 55	

(1) Variation margin pledged to, or received from, a Central Counterparty Clearing House to cover the prior days fair value of open positions is considered settlement of the derivative position for accounting purposes.

The following table presents the derivative subject to a master netting agreement, including the cash pledged as collateral:

(in millions)	December 31, 2022						Gross Amounts Not Offset in the Statements of Condition	
	Gross Amount	Gross Amounts Netted in the Statements of Condition		Net Amount Presented in the Statements of Condition		Financial Instruments	Cash Collateral Pledged (Received)	
		\$	\$	\$	\$			
Derivatives designated hedging instruments:								
Interest rate swaps on FHLB advances	\$ 5	\$ —	\$ —	\$ 5	\$ —	\$ 4	\$ 27	
Derivatives not designated as hedging instruments:								
Assets								
Mortgage-backed securities forwards	\$ 36	\$ —	\$ —	\$ 36	\$ —	\$ —	\$ (9)	
Interest rate swaps	182	—	—	182	—	—	(36)	
Futures	2	—	—	2	—	—	1	
Total derivative assets	\$ 220	\$ —	\$ —	\$ 220	\$ —	\$ —	\$ (44)	
Liabilities								
Mortgage-backed securities forwards	\$ 61	\$ —	\$ —	\$ 61	\$ —	\$ —	\$ 54	
Interest rate swaps ⁽¹⁾	65	—	—	65	—	—	29	
Total derivative liabilities	\$ 126	\$ —	\$ —	\$ 126	\$ —	\$ —	\$ 83	

(1) Variation margin pledged to, or received from, a Central Counterparty Clearing House to cover the prior days fair value of open positions is considered settlement of the derivative position for accounting purposes.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of amounts subject to variability caused by changes in interest rates from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Changes in the fair value of derivatives designated and that qualify as cash flow hedges are initially recorded in other comprehensive income and are subsequently reclassified into earnings in the period that the hedged transaction affects income.

Interest rate swaps with notional amounts totaling \$ 5.5 billion and \$ 2.3 billion as of March 31, 2023 and December 31, 2022, were designated as cash flow hedges of certain FHLB borrowings.

The following table presents the effect of the Company's cash flow derivative instruments on AOCL:

(in millions)	For the Three Months Ended		For the Year Ended December 31, 2022		For the Three Months Ended	
	March 31, 2023	\$ (90)	\$ 88	\$ 88	\$ 16	
Amount of loss recognized in AOCL						
Amount of reclassified from AOCL to interest expense		\$ (6)	\$ (4)	\$ (4)		\$ 6

Amounts reported in AOCL related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate borrowings. During the next twelve months, additional interest expense of \$ 81 million is expected to be reclassified out of AOCL.

The following table presents the net gain (loss) recognized in income on derivative instruments, net of the impact of offsetting positions:

(dollars in millions)	Location of Gain (Loss)	For the Three Months Ended March 31, 2023		For the Three Months Ended December 31, 2022	
		\$ (2)	\$ (1)	\$ 7	\$ (11)
Derivatives not designated as hedging instruments					
Futures	Net return on mortgage servicing rights	\$ (2)	\$ (1)	\$ 7	\$ (11)
Interest rate swaps and swaptions	Net return on mortgage servicing rights	(2)	(4)	20	28
Mortgage-backed securities forwards	Net return on mortgage servicing rights	—	—	—	—
Rate lock commitments and US Treasury futures	Net gain on loan sales	—	—	—	—
Forward commitments	Other noninterest income	—	—	—	—
Interest rate swaps (1)	Other noninterest income	—	—	—	—
Total derivative (loss) gain		\$ 23	\$ 11		

(1) Includes customer-initiated commercial interest rate swaps.

Note 15 - Intangible Assets

Goodwill is presumed to have an indefinite useful life and is tested for impairment at the reporting unit level, at least once a year. There was no change in goodwill during the three months ended March 31, 2023.

As a result of the Signature Transaction, the Company recorded \$ 462 million of core deposit intangible and other intangible assets that are amortizable.

At March 31, 2023, intangible assets consisted of the following:

(in millions)	March 31, 2023			December 31, 2022		
	Accumulated		Net Carrying Value	Accumulated		Net Carrying Value
	Gross Carrying Amount	Amortization		Gross Carrying Amount	Amortization	
Core deposit intangible	\$ 700	\$ (17)	\$ 683	\$ 250	\$ (4)	\$ 246
Other intangible assets	56	(5)	51	42	(1)	41
Total other intangible assets	\$ 756	\$ (22)	\$ 734	\$ 292	\$ (5)	\$ 287

The estimated amortization expense of CDI and other intangible assets for the next five years is as follows:

(in millions)	Amortization Expense
2023	\$ 88
2024	108
2025	88
2026	79
2027	71
Total	\$ 434

Note 16 - Fair Value Measures

GAAP sets forth a definition of fair value, establishes a consistent framework for measuring fair value, and requires disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. GAAP also clarifies that fair value is an "exit" price, representing the amount that would be received when selling an asset, or paid when transferring a liability, in an orderly transaction between market participants. Fair value is thus a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Inputs to the valuation methodology are significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants use in pricing an asset or liability.

A financial instrument's categorization within this valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following tables present assets and liabilities that were measured at fair value on a recurring basis as of March 31, 2023 and December 31, 2022, and that were included in the Company's Consolidated Statements of Condition at those dates:

(in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)					Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments	Total Fair Value
	\$	—	\$	1,246	\$	—	\$	—	\$
Assets:									
Mortgage-related Debt Securities Available for Sale:									
GSE certificates	\$	—	\$	1,246	\$	—	\$	—	\$ 1,246
GSE CMOs		—		3,282		—		—	3,282
Private Label CMOs		—		188		—		—	188
Total mortgage-related debt securities	\$	—	\$	4,716	\$	—	\$	—	\$ 4,716
Other Debt Securities Available for Sale:									
GSE debentures	\$	—	\$	1,589	\$	—	\$	—	\$ 1,589
Asset-backed securities		—		335		—		—	335
Municipal bonds		—		18		—		—	18
Corporate bonds		—		833		—		—	833
Foreign notes		—		19		—		—	19
Capital trust notes		—		89		—		—	89
Total other debt securities	\$	—	\$	2,883	\$	—	\$	—	\$ 2,883
Total debt securities available for sale	\$	—	\$	7,599	\$	—	\$	—	\$ 7,599
Equity securities:									
Mutual funds and common stock		—		14		—		—	14
Total equity securities		—		14		—		—	14
Total securities	\$	—	\$	7,613	\$	—	\$	—	\$ 7,613
Loans held-for-sale									
Residential first mortgage loans	\$	—	\$	1,305	\$	—	\$	—	\$ 1,305
Derivative assets									
Interest rate swaps and swaptions		—		159		—		—	159
Futures		—		—		—		—	—
Rate lock commitments (fallout-adjusted)		—		—		15		—	15
Mortgage-backed securities forwards		—		5		—		—	5
Mortgage servicing rights		—		—		1,034		—	1,034
Total assets at fair value	\$	—	\$	9,082	\$	1,049	\$	—	\$ 10,131
Derivative liabilities									
Mortgage-backed securities forwards		—		14		—		—	14
Interest rate swaps and swaptions		—		49		—		—	49
Rate lock commitments (fallout-adjusted)		—		—		7		—	7
Total liabilities at fair value	\$	—	\$	63	\$	7	\$	—	\$ 70

(in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)						Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments	Total Fair Value
Assets:										
Mortgage-related Debt Securities Available for Sale:										
GSE certificates	\$	—	\$	1,297	\$	—	\$	—	\$	1,297
GSE CMOs		—		3,301		—		—		3,301
Private Label CMOs		—		191		—		—		191
Total mortgage-related debt securities	\$	—	\$	4,789	\$	—	\$	—	\$	4,789
Other Debt Securities Available for Sale:										
U. S. Treasury obligations	\$	1,487	\$	—	\$	—	\$	—	\$	1,487
GSE debentures		—		1,398		—		—		1,398
Asset-backed securities		—		361		—		—		361
Municipal bonds		—		30		—		—		30
Corporate bonds		—		885		—		—		885
Foreign notes		—		20		—		—		20
Capital trust notes		—		90		—		—		90
Total other debt securities	\$	1,487	\$	2,784	\$	—	\$	—	\$	4,271
Total debt securities available for sale	\$	1,487	\$	7,573	\$	—	\$	—	\$	9,060
Equity securities:										
Mutual funds and common stock		—		14		—		—		14
Total equity securities		—		14		—		—		14
Total securities	\$	1,487	\$	7,587	\$	—	\$	—	\$	9,074
Loans held-for-sale										
Residential first mortgage loans	\$	—	\$	1,115	\$	—	\$	—	\$	1,115
Derivative assets										
Interest rate swaps and swaptions		—		182		—		—		182
Futures		—		2		—		—		2
Rate lock commitments (fallout-adjusted)		—		—		9		—		9
Mortgage-backed securities forwards		—		36		—		—		36
Mortgage servicing rights		—		—		1,033		—		1,033
Total assets at fair value	\$	1,487	\$	8,922	\$	1,042	\$	—	\$	11,451
Derivative liabilities										
Mortgage-backed securities forwards		—		61		—		—		61
Interest rate swaps and swaptions		—		65		—		—		65
Rate lock commitments (fallout-adjusted)		—		—		10		—		10
Total liabilities at fair value	\$	—	\$	126	\$	10	\$	—	\$	136

The Company reviews and updates the fair value hierarchy classifications for its assets on a quarterly basis. Changes from one quarter to the next that are related to the observability of inputs for a fair value measurement may result in a reclassification from one hierarchy level to another.

A description of the methods and significant assumptions utilized in estimating the fair values of securities follows:

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government securities and exchange-traded securities.

If quoted market prices are not available for a specific security, then fair values are estimated by using pricing models. These pricing models primarily use market-based or independently sourced market parameters as inputs, including, but not limited to, yield curves, interest rates, equity or debt prices, and credit spreads. In addition to observable market information, models incorporate transaction details such as maturity and cash flow assumptions. Securities valued in this manner would generally be classified within Level 2 of the valuation hierarchy, and primarily include such instruments as mortgage-related and corporate debt securities.

Periodically, the Company uses fair values supplied by independent pricing services to corroborate the fair values derived from the pricing models. In addition, the Company reviews the fair values supplied by independent pricing services, as well as their underlying pricing methodologies, for reasonableness. The Company challenges pricing service valuations that appear to be unusual or unexpected.

While the Company believes its valuation methods are appropriate, and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair values of certain financial instruments could result in different estimates of fair values at a reporting date.

Fair Value Measurements Using Significant Unobservable Inputs

The following tables include a roll forward of the Consolidated Statements of Condition amounts (including the change in fair value) for financial instruments classified by us within Level 3 of the valuation hierarchy:

(dollars in millions)	Balance at Beginning of Year	Total Gains / (Losses)		Sales	Settlement	Transfers In (Out)	Balance at End of Year
		Recorded in Earnings	(1)				
Three Months Ended March 31, 2023							
Assets							
Mortgage servicing rights ⁽¹⁾	\$ 1,033	\$ (37)	38	\$ —	—	—	\$ 1,034
Rate lock commitments (net) ⁽¹⁾⁽²⁾	(1)	(11)	35			(15)	8
Totals	\$ 1,032	\$ (48)	73	\$ —	—	\$ (15)	\$ 1,042

(1) We utilized swaptions, futures, forward agency and loan sales and interest rate swaps to manage the risk associated with mortgage servicing rights and rate lock commitments. Gains and losses for individual lines do not reflect the effect of our risk management activities related to such Level 3 instruments.
(2) Rate lock commitments are reported on a fallout-adjusted basis. Transfers out of Level 3 represent the settlement value of the commitments that are transferred to LHFS, which are classified as Level 2 assets.

The following tables present the quantitative information about recurring Level 3 fair value financial instruments and the fair value measurements as of March 31, 2023:

	Fair Value	Valuation Technique	Unobservable Input ⁽¹⁾	Range (Weighted Average)
	(dollars in millions)			
Assets				
Mortgage servicing rights	\$ 1,034	Discounted cash flows	Option adjusted spread Constant prepayment rate Weighted average cost to service per loan	4.9 % - 22.5 % (5.8)% 0 % - 10.5 % (8.1)% \$ 65 - \$ 90 \$(68)
Rate lock commitments (net)	\$ 7	Consensus pricing	Origination pull-through rate	77.20 %

(1) Unobservable inputs were weighted by their relative fair value of the instruments.

Assets Measured at Fair Value on a Non-Recurring Basis

Certain assets are measured at fair value on a non-recurring basis. Such instruments are subject to fair value adjustments under certain circumstances (e.g., when there is evidence of impairment). The following tables present assets that were measured at fair value on a non-recurring basis as of March 31, 2023 and December 31, 2022, and that were included in the Company's Consolidated Statements of Condition at those dates:

(in millions)	Fair Value Measurements at March 31, 2023 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Other assets ⁽¹⁾	\$ —	\$ —	\$ 42	\$ 42
Total	\$ —	\$ —	\$ 42	\$ 42

(1) Represents the fair value of repossessed assets, based on the appraised value of the collateral subsequent to its initial classification as repossessed assets and equity securities without readily determinable fair values. These equity securities are classified as Level 3 due to the infrequency of the observable prices and/or the restrictions on the shares.

(in millions)	Fair Value Measurements at December 31, 2022 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Certain impaired loans ⁽¹⁾	\$ —	\$ —	\$ 28	\$ 28
Other assets ⁽²⁾	—	—	41	41
Total	\$ —	\$ —	\$ 69	\$ 69

(1) Represents the fair value of impaired loans, based on the value of the collateral.

(2) Represents the fair value of repossessed assets, based on the appraised value of the collateral subsequent to its initial classification as repossessed assets.

The fair values of collateral-dependent impaired loans are determined using various valuation techniques, including consideration of appraised values and other pertinent real estate and other market data.

Other Fair Value Disclosures

For the disclosure of fair value information about the Company's on- and off-balance sheet financial instruments, when available, quoted market prices are used as the measure of fair value. In cases where quoted market prices are not available, fair values are based on present-value estimates or other valuation techniques. Such fair values are significantly affected by the assumptions used, the timing of future cash flows, and the discount rate.

Because assumptions are inherently subjective in nature, estimated fair values cannot be substantiated by comparison to independent market quotes. Furthermore, in many cases, the estimated fair values provided would not necessarily be realized in an immediate sale or settlement of such instruments.

The following tables summarize the carrying values, estimated fair values, and fair value measurement levels of financial instruments that were not carried at fair value on the Company's Consolidated Statements of Condition at March 31, 2023 and December 31, 2022:

(in millions)	March 31, 2023					
	Fair Value Measurement Using					
	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial Assets:						
Cash and cash equivalents	\$ 22,250	\$ 22,250	\$ 22,250	\$ —	\$ —	\$ —
FHLB and FRB stock ⁽¹⁾	1,356	1,356	—	1,356	—	—
Loans and leases held for investment, net	81,997	78,913	—	—	—	78,913
Financial Liabilities:						
Deposits	\$ 84,800	\$ 84,631	\$ 65,445 ⁽²⁾	\$ 19,186 ⁽³⁾	\$ —	\$ —
Borrowed funds	21,360	21,235	—	21,235	—	—

(1) Carrying value and estimated fair value are at cost.

(2) Interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts.

(3) Certificates of deposit.

(in millions)	December 31, 2022					
	Fair Value Measurement Using					
	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial Assets:						
Cash and cash equivalents	\$ 2,032	\$ 2,032	\$ 2,032	\$ —	\$ —	\$ —
FHLB and FRB stock ⁽¹⁾	1,267	1,267	—	1,267	0	0
Loans and leases held for investment, net	68,608	65,673	—	—	—	65,673
Financial Liabilities:						
Deposits	\$ 58,721	\$ 58,479	\$ 46,211 ⁽²⁾	\$ 12,268 ⁽³⁾	\$ —	\$ —
Borrowed funds	21,332	21,231	—	21,231	—	—

(1) Carrying value and estimated fair value are at cost.

(2) Interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts.

(3) Certificates of deposit.

The methods and significant assumptions used to estimate fair values for the Company's financial instruments follow:

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks and federal funds sold. The estimated fair values of cash and cash equivalents are assumed to equal their carrying values, as these financial instruments are either due on demand or have short-term maturities.

Securities

If quoted market prices are not available for a specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These pricing models primarily use market-based or independently sourced market parameters as inputs, including, but not limited to, yield curves, interest rates, equity or debt prices, and credit spreads. In addition to observable market information, pricing models also incorporate transaction details such as maturities and cash flow assumptions.

Federal Home Loan Bank Stock

Ownership in equity securities of the FHLB is generally restricted and there is no established liquid market for their resale. The carrying amount approximates the fair value.

Loans

The Company discloses the fair value of loans measured at amortized cost using an exit price notion. The Company determined the fair value on substantially all of its loans for disclosure purposes, on an individual loan basis. The discount rates reflect current market rates for loans with similar terms to borrowers having similar credit quality on an exit price basis. The estimated fair values of non-performing mortgage and other loans are based on recent collateral appraisals. For those loans where a discounted cash flow technique was not considered reliable, the Company used a quoted market price for each individual loan.

MSRs

The significant unobservable inputs used in the fair value measurement of the MSRs are option adjusted spreads, prepayment rates and cost to service. Significant increases (decreases) in all three assumptions in isolation result in a significantly lower (higher) fair value measurement. Weighted average life (in years) is used to determine the change in fair value of MSRs. For March 31, 2023, the weighted average life (in years) for the entire MSR portfolio was 6.9.

Rate lock commitments

The significant unobservable input used in the fair value measurement of the rate lock commitments is the pull through rate. The pull through rate is a statistical analysis of our actual rate lock fallout history to determine the sensitivity of the residential mortgage loan pipeline compared to interest rate changes and other deterministic values. New market prices are applied based on updated loan characteristics and new fallout ratios (i.e. the inverse of the pull through rate) are applied accordingly. Significant increases (decreases) in the pull through rate in isolation result in a significantly higher (lower) fair value measurement.

Deposits

The fair values of deposit liabilities with no stated maturity (i.e., interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts) are equal to the carrying amounts payable on demand. The fair values of CDs represent contractual cash flows, discounted using interest rates currently offered on deposits with similar characteristics and remaining maturities. These estimated fair values do not include the intangible value of core deposit relationships, which comprise a portion of the Company's deposit base.

Borrowed Funds

The estimated fair value of borrowed funds is based either on bid quotations received from securities dealers or the discounted value of contractual cash flows with interest rates currently in effect for borrowed funds with similar maturities and structures.

Off-Balance Sheet Financial Instruments

The fair values of commitments to extend credit and unadvanced lines of credit are estimated based on an analysis of the interest rates and fees currently charged to enter into similar transactions, considering the remaining terms of the commitments and the creditworthiness of the potential borrowers. The estimated fair values of such off-balance sheet financial instruments were insignificant at March 31, 2023 and December 31, 2022.

Fair Value Option

We elected the fair value option for certain items as discussed throughout the Notes to the Consolidated Financial Statements to more closely align the accounting method with the underlying economic exposure. Interest income on LHFS is accrued on the principal outstanding primarily using the "simple-interest" method.

The following table reflects the change in fair value included in earnings of financial instruments for which the fair value option has been elected:

	For the Three Months Ended March 31,	
(dollars in millions)	2023	
Assets		
Loans held-for-sale		
Net gain on loan sales	\$	28

The following table reflects the difference between the aggregate fair value and aggregate remaining contractual principal balance outstanding for assets and liabilities for which the fair value option has been elected:

(dollars in millions)	March 31, 2023		
	Unpaid Principal Balance	Fair Value	Fair Value Over / (Under) UPB
Assets:			
Other performing loans:			
Loans held-for-sale	\$ 926	\$ 945	\$ 19
Total other performing loans	\$ 926	\$ 945	\$ 19
Total loans:			
Loans held-for-sale	\$ 926	\$ 945	\$ 19
Total loans	\$ 926	\$ 945	\$ 19

(dollars in millions)	December 31, 2022		
	Unpaid Principal Balance	Fair Value	Fair Value Over / (Under) UPB
Assets:			
Other performing loans:			
Loans held-for-sale	1,095	1,115	\$ 20
Total other performing loans	\$ 1,095	\$ 1,115	\$ 20
Total loans:			
Loans held-for-sale	1,095	1,115	\$ 20
Total loans	\$ 1,095	\$ 1,115	\$ 20

Item 3. Quantitative and Qualitative Disclosures about Market Risk

A discussion regarding our management of market risk is included in "Market Risk" in this report in "Management's Discussion and Analysis of Financial Condition and Results of Operations" which is incorporated herein by reference.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of March 31, 2023, pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), an evaluation was performed by the Company's Management, including our principal executive and financial officers, regarding the design and effectiveness of our disclosure controls and procedures. Based upon that evaluation, the principal executive and financial officers have concluded that our current disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms as of March 31, 2023.

(b) Changes in Internal Controls.

Certain assets and liabilities of Signature Bridge Bank were acquired on March 20, 2023. We have extended oversight and monitoring processes that support internal control over financial reporting to include the acquired operations. There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(d) of the Exchange Act) during the three months ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various legal actions arising in the ordinary course of its business. All such actions in the aggregate involve amounts that are believed by management to be immaterial to the financial condition and results of operations of the Company.

Item 1A. Risk Factors

Risks Relating to Our Acquisition of Certain Assets and Assuming Certain Liabilities of Signature Bridge Bank, N.A.

On March 20, 2023, NYCB's banking subsidiary, Flagstar, acquired certain assets and assumed certain liabilities of Signature Bridge Bank, National Association ("Signature") from the Federal Deposit Insurance Corporation (the "FDIC"), as receiver, in an assisted transaction (herein, the "Signature Transaction"). Although this is an FDIC-assisted transaction, we are still subject to some of the same risks we would face in acquiring another bank in a negotiated transaction. Such risks include risks associated with maintaining customer relationships and failure to realize the anticipated acquisition benefits in the amounts and within the timeframes we expect. In addition, because of the expedited nature of the FDIC-assisted transaction which did not allow bidders the time and access to information customarily associated with preparing for and evaluating a negotiated transaction, we may face additional risks.

The success of the Signature Transaction will depend on a number of uncertain factors.

The success of the Signature Transaction will depend on a number of factors, including, without limitation:

- our ability to integrate the business and operations of the former Signature into NYCB's current operations;
- our ability to retain employees of Signature Bridge Bank;
- our ability to limit the outflow of deposits held by our new customers and to successfully retain and manage interest-earning assets (i.e., loans) acquired in the Signature Transaction;
- our ability to attract new deposits and to generate new interest-earning assets in the areas previously served by the former Signature branches;
- our ability to control the incremental non-interest expense from the former Signature branches and other units in a manner that enables us to maintain a favorable overall efficiency ratio and our ability to effectively manage the on-going relationship with the FDIC related to the Signature Transaction;
- our ability to collect on the loans acquired; and
- our ability to earn acceptable levels of interest and non-interest income.

Our decisions regarding the fair value of assets acquired could be inaccurate which could materially and adversely affect our business, financial condition, results of operations, and future prospects.

We are in ongoing discussions with the FDIC regarding the fair value of the assets acquired in the Signature Transaction, and a settlement statement reconciled by both parties has not yet been finalized, which may impact which assets and liabilities we acquired or assumed in the Signature Transaction. Therefore the fair value estimates we have made in connection with the Signature Transaction are currently considered preliminary and may be subject to change. In addition, we may obtain additional information and evidence during the period of one year from the date we completed the Signature Transaction that may result in changes to the estimated fair value amounts recorded on March 20, 2023, which could change the amount of the bargain purchase gain we have recorded.

Bargain purchase gain recorded on the Signature Transaction may increase or decrease during a one-year period following the Signature Transaction's acquisition date.

The bargain purchase gain recorded during the quarter ended March 31, 2023 is preliminary and subject to revision for a period of one year from March 20, 2023. Adjustments to this gain may be recorded based on additional information received after the acquisition date that affected the acquisition date fair values of assets acquired and liabilities assumed.

A sale by an individual shareholder of a significant amount of our common stock could adversely affect the trading price of NYCB's common stock.

As part of the consideration for the Signature Transaction, the Company granted the FDIC equity appreciation rights in the common stock of the Company under an equity appreciation instrument (the "Equity Appreciation Instrument"). On March 31, 2023, the Company issued 39,032,006 shares of Company common stock to the FDIC pursuant to the Equity Appreciation Instrument. Under terms of the Equity Appreciation Instrument, the FDIC will use all reasonable efforts to sell these shares over a 40-day period beginning April 28, 2023.

Sales of a substantial number of shares of our common stock by existing shareholders, or the perception that sales may occur, could cause the market price of our common stock to decline. Further, a large quantity of our shares introduced into the market, either at once or over time, could increase the supply of our common stock, thereby putting pressure on our stock price. Pricing pressure could be further exacerbated by low trading volumes and market conditions, both of which may impact the time it may take for pricing to rationalize. Sales of a substantial number of shares of our common stock, or the perception that such sales may occur, also may make it more difficult for us to raise additional capital by selling equity securities in the future, at a time and price that we deem appropriate.

The loss of our deposit clients or substantial reduction of our deposit balances could force us to fund our business with more expensive and less stable funding sources.

Deposits represent a significant amount of our funding base. Deposit outflows can occur for a number of reasons, including because clients may seek investments with higher yields, clients with uninsured deposits may seek greater financial security or clients may simply prefer to do business with our competitors, or for other reasons. If a significant portion of our deposits were withdrawn, we may need to rely more heavily on more expensive borrowings and other sources of funding to fund our business and meet withdrawal demands, adversely affecting our net interest margin. In more stressed conditions we may need to take more significant actions which could impact our operations and profitability. The occurrence of any of these events could materially and adversely affect our business, results of operations or financial condition. As of March 31, 2023, approximately 34 percent of our total deposits of \$84.8 billion were not FDIC-insured.

In March 2023, the Department of the Treasury, the Federal Reserve and the FDIC issued a joint statement that stated that losses to support uninsured deposits of failed banks would be recovered via a special assessment on banks who utilize deposit insurance. The terms of that special assessment have not been announced. Our FDIC deposit insurance premiums and assessments may increase related to the announced special assessment and any future increases in assessment rates, required prepayments in FDIC insurance premiums or other changes could reduce our profitability.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Shares Repurchased Pursuant to the Company's Stock-Based Incentive Plans

Participants in the Company's stock-based incentive plans may have shares of common stock withheld to fulfill the income tax obligations that arise in connection with the vesting of their stock awards. Shares that are withheld for this purpose are repurchased pursuant to the terms of the applicable stock-based incentive plan, rather than pursuant to the share repurchase program authorized by the Board of Directors, described below.

Shares Repurchased Pursuant to the Board of Directors' Share Repurchase Authorization

On October 23, 2018, the Board of Directors authorized the repurchase of up to \$300 million of the Company's common stock. Under said authorization, shares may be repurchased on the open market or in privately negotiated transactions. As of March 31, 2023, the Company has approximately \$9 million remaining under this repurchase authorization.

Shares that are repurchased pursuant to the Board of Directors' authorization, and those that are repurchased pursuant to the Company's stock-based incentive plans, are held in our Treasury account and may be used for various corporate purposes, including, but not limited to, merger transactions and the vesting of restricted stock awards.

(dollars in millions, except share data)

Period	Total Shares of Common Stock Repurchased	Average Price Paid per Common Share			Total Allocation	Total Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs
First Quarter 2023						
January 1 - 31, 2023	802,896	\$	9.66	\$	8	—
February 1 - 28, 2023	27,110		9.03		—	—
March 1 - 31, 2023	146,448		7.57		1	—
Total First Quarter 2023	976,454	\$	9.33	\$	9	0

Item 3. Defaults Upon Senior Securities

The Company had no defaults on senior securities.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.

- 2.1 Purchase and Assumption Agreement – All Deposits, dated March 20, 2023, among the FDIC, as receiver of Signature Bridge Bank, the FDIC and Flagstar Bank, N.A. (attached hereto)
- 2.2 Equity Appreciation Instrument, dated March 20, 2023
- 3.1 Amended and Restated Certificate of Incorporation ⁽¹⁾
- 3.2 Certificates of Amendment of Amended and Restated Certificate of Incorporation ⁽²⁾
- 3.3 Certificate of Amendment of Amended and Restated Certificate of Incorporation ⁽³⁾
- 3.4 Certificate of Designations of the Registrant with respect to the Series A Preferred Stock, dated March 16, 2017, filed with the Secretary of State of the State of Delaware and effective March 16, 2017 ⁽⁴⁾
- 3.5 Amended and Restated Bylaws ⁽⁵⁾
- 4.1 Specimen Stock Certificate ⁽⁶⁾
- 4.2 Deposit Agreement, dated as of March 16, 2017, by and among the Registrant, Computershare, Inc, and Computershare Trust Company, N.A., as joint depositary, and the holders from time to time of the depositary receipts described therein ⁽⁷⁾
- 4.3 Form of certificate representing the Series A Preferred Stock ⁽⁷⁾
- 4.4 Form of depositary receipt representing the Depositary Shares ⁽⁷⁾
- 4.6 Registrant will furnish, upon request, copies of all instruments defining the rights of holders of long-term debt instruments of the registrant and its consolidated subsidiaries.
- 31.1 Rule 13a-14(a) Certification of Chief Executive Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto)
- 31.2 Rule 13a-14(a) Certification of Chief Financial Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto)

32 Section 1350 Certifications of the Chief Executive Officer and Chief Financial Officer of the Company in accordance with Section 906 of the Sarbanes-Oxley Act of 2002 (attached hereto)

101.INS XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the inline XBRL document.

101.SCH Inline XBRL Taxonomy Extension Schema Document.

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document.

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document.

101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document.

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document.

104 Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

*Pursuant to Item 601(b)(2) of Regulation S-K, certain schedules and similar attachments have been omitted. The registrant hereby agrees to furnish a copy of any omitted schedule or similar attachment to the SEC upon request.

** Management plan or compensation plan arrangement.

- (1) Incorporated by reference to Exhibits filed with the Company's Form 10-Q for the quarterly period ended March 31, 2001 (File No. 0-22278)
- (2) Incorporated by reference to Exhibits filed with the Company's Form 10-K for the year ended December 31, 2003 (File No. 1-31565)
- (3) Incorporated by reference to Exhibits to the Company's Form 8-K filed with the Securities and Exchange Commission on April 27, 2016 (File No. 1-31565)
- (4) Incorporated herein by reference to Exhibit 3.4 of the Registrant's Registration Statement on Form 8-A (File No. 333-210919), as filed with the Securities and Exchange Commission on March 16, 2017
- (5) Incorporated by reference to Exhibit 3.2 filed with the Company's Form 8-K filed with the Securities and Exchange Commission on December 1, 2022 (File No. 1-31565)
- (6) Incorporated by reference to Exhibits filed with the Company's Form 10-Q for the quarterly period ended September 30, 2017 (File No. 1-31565)
- (7) Incorporated by reference to Exhibits filed with the Company's Form 8-K filed with the Securities and Exchange Commission on March 17, 2017 (File No. 1-31565)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATE: May 10, 2023

New York Community Bancorp, Inc.
(Registrant)

/s/ Thomas R. Cangemi

Thomas R. Cangemi
President and Chief Executive Officer
(Principal Executive Officer)

/s/ John J. Pinto

John J. Pinto
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

PURCHASE AND ASSUMPTION AGREEMENT

ALL DEPOSITS

AMONG

**FEDERAL DEPOSIT INSURANCE CORPORATION,
RECEIVER OF SIGNATURE BRIDGE BANK, NATIONAL ASSOCIATION
NEW YORK, NEW YORK**

FEDERAL DEPOSIT INSURANCE CORPORATION

AND

FLAGSTAR BANK, NATIONAL ASSOCIATION

EFFECTIVE AS OF

March 20, 2023

PURCHASE AND ASSUMPTION AGREEMENT

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PURCHASE AND ASSUMPTION AGREEMENT

WHOLE BANK

ALL DEPOSITS

THIS AGREEMENT, effective as of **March 20, 2023**, by and among the **FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER** of **SIGNATURE BRIDGE BANK, NATIONAL ASSOCIATION, NEW YORK, NEW YORK** (the “**Receiver**”), **FLAGSTAR BANK, NATIONAL ASSOCIATION**, organized under the laws of the United States of America, and having its principal place of business in Hicksville, New York (the “**Assuming Institution**”), and the **FEDERAL DEPOSIT INSURANCE CORPORATION**, organized under the laws of the United States of America and having its principal office in Washington, D.C., acting in its corporate capacity (the “**Corporation**”).

R E C I T A L S

- A. On March 12, 2023, the Closing Authority closed **SIGNATURE BANK** (“**Signature**”) pursuant to applicable law and appointed the Corporation Receiver of Signature (the “**Signature Receiver**”), and certain assets and obligations of Signature were transferred to a newly-formed bridge bank, **SIGNATURE BRIDGE BANK, National Association** (the “**Failed Bank**”).
- B. On the Bank Closing Date, the Closing Authority closed the Failed Bank pursuant to applicable law and appointed the Corporation Receiver of the Failed Bank.
- C. The Assuming Institution desires to purchase certain assets and assume certain deposits and other liabilities of the Failed Bank on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement and other valuable consideration, the parties agree as follows:

A G R E E M E N T

ARTICLE I. GENERAL.

1.1. Purpose. The purpose of this Agreement is to set forth requirements regarding, among other things, the terms and conditions on which the Assuming Institution purchases certain assets and assumes certain liabilities of the Failed Bank.

1.2. Reserved.

1.3. Defined Terms. Capitalized terms used in this Agreement have the meanings set forth or referenced in this Section 1.3. As used in this Section 1.3, words imparting the singular include the plural and vice versa.

“**Accounting Records**” means the general ledger and subsidiary ledgers and supporting schedules that support the general ledger balances.

“Acquired Assets” means all assets of the Failed Bank purchased by the Assuming Institution pursuant to this Agreement (including all Transferred QFCs whether constituting assets or liabilities). Assets owned by Subsidiaries of the Failed Bank are not “Acquired Assets” within the meaning of this definition by virtue of being owned by Subsidiaries of the Failed Bank.

“Acquired Subsidiary” or “Acquired Subsidiaries” means one or more, as applicable, Subsidiaries of the Failed Bank acquired pursuant to Section 3.1.

“Affiliate” of any Person means any director, officer, or employee of that Person and any other Person (i) who is directly or indirectly controlling, or controlled by, or under direct or indirect common control with, that Person, or (ii) who is an affiliate of that Person as the term “affiliate” is defined in § 2(k) of the Bank Holding Company Act of 1956, as amended, 12 U.S.C. § 1841.

“Agreement” means this Purchase and Assumption Agreement by and among the Assuming Institution, the Corporation and the Receiver, as amended or otherwise modified from time to time.

“Assumed Deposits” means Deposits.

“Assuming Institution” is defined in the introduction to this Agreement.

“Bank Closing Date” means 12:10 a.m. on March 20, 2023.

“Bank Premises” means the banking buildings, drive-in banking facilities, teller facilities (staffed or automated), storage and service facilities, structures connecting remote facilities to banking houses, land on which the foregoing are located and unimproved land, and any adjacent parking (and fixtures located on any of the foregoing) that are owned or leased by the Failed Bank and that have formerly been used, are currently used, or as of the Bank Closing Date, are intended to be used in the future by the Failed Bank as shown on the Failed Bank Records.

“Bank Premises Operating Costs” means expenses related to Bank Premises, Furniture and Equipment, and Specialty Assets, including all taxes, fees, charges, maintenance, utilities, waste disposal, insurance, and assessments, to the extent not included in the rental rate or rent.

“Bank Premises Surrender Date” means, with respect to each specific Bank Premises, the date selected by the Assuming Institution to surrender that Bank Premises to the Receiver, which date will be no later than the first day after the Receiver is satisfied that all of the conditions for surrender of that Bank Premises set forth in this Agreement have been met; provided that, unless otherwise provided in this Agreement, that date will not be more than 150 days after the Bank Closing Date.

“Bid” means the bid submitted by the Assuming Institution and accepted by the Corporation as the winning bid for the transaction evidenced by this Agreement.

“Bid Amount” is defined in Article VII.

“Bid Valuation Date” means March 10, 2023.

“Board” is defined in Recital Error! Reference source not found..

“Book Value” means, with respect to any Acquired Asset and any Liability Assumed, the dollar amount thereof stated on the Failed Bank Records. The Book Value of any item will be determined as of the Bank Closing Date after adjustments made by the Receiver for differences in accounts, suspense items, unposted debits and credits, and other similar adjustments, charge-off adjustments as provided in Section 8.1, or corrections and for setoffs, whether voluntary or involuntary. The Book Value of an Acquired Subsidiary will be determined from the investment in subsidiary and related accounts on the “bank only” (unconsolidated) balance sheet of the Failed Bank based on the Equity Method of Accounting. Without limiting the generality of the foregoing, (i) the Book Value of a Liability Assumed will include all accrued and unpaid interest thereon as of the Bank Closing Date, and (ii) the Book Value of a Loan will reflect adjustments for earned interest, or unearned interest (as it relates to the “rule of 78s” or add-on-interest loans, as applicable), if any, as of the Bank Closing Date, adjustments for the portion of earned or unearned loan-related credit life or disability insurance premiums, if any, attributable to the Failed Bank as of the Bank Closing Date, and adjustments for Failed Bank Advances, if any, in each case as determined for financial reporting purposes. The Book Value of an Acquired Asset will not include any adjustment for loan premiums, discounts or any related deferred income, fees or expenses, or general or specific reserves on the Failed Bank Records.

“Business Day” means a day other than a Saturday, Sunday, federal legal holiday or legal holiday under the laws of the state where the Failed Bank is located, or a day on which the principal office of the Corporation is closed.

“Closing Authority” means (i) with respect to a national bank, a federal savings association, or federal savings bank, the Office of the Comptroller of the Currency, (ii) with respect to a bank or savings institution chartered by a state, the agency of the state charged with primary responsibility for closing banks or savings institutions, as the case may be, (iii) the Corporation in accordance with 12 U.S.C. § 1821(c)(4), with regard to self-appointment, or (iv) the appropriate federal banking agency in accordance with 12 U.S.C. § 1821(c)(9).

“Commitment” means the unfunded portion of a line of credit or other commitment reflected on the Failed Bank Records to make an extension of credit (or additional advances with respect to a Loan) that was legally binding on the Failed Bank as of the Bank Closing Date, other than extensions of credit pursuant to the credit card business and overdraft protection plans of the Failed Bank, if any.

“Corporation” is defined in the introduction to this Agreement.

“Counterclaim” is defined in Section 12.1(b).

“Credit Documents” means the agreements, instruments, certificates, or other documents at any time evidencing or otherwise relating to, governing, or executed in connection with or as security for, a Loan, including notes, bonds, loan agreements, letter of credit applications, lease financing contracts, banker’s acceptances, drafts, interest protection agreements, currency exchange agreements, repurchase agreements, reverse repurchase agreements, guarantees, deeds of trust, mortgages, assignments, security agreements, pledges, subordination or priority agreements, lien priority agreements, undertakings, security instruments, certificates, documents, legal opinions, participation agreements and intercreditor agreements, and all amendments,

modifications, renewals, extensions, rearrangements, and substitutions with respect to any of the foregoing.

“Credit File” means all Credit Documents and all other credit, collateral, or insurance documents in the possession or custody of the Assuming Institution, its Subsidiaries, or its Affiliates, relating to an Acquired Asset or a Loan included in a Put Notice, or copies of any of those documents.

“Deposit” means a deposit as defined in 12 U.S.C. § 1813(l), including outstanding cashier’s checks and other official checks and all uncollected items included in the depositors’ balances and credited on the Failed Bank Records; provided that the term “Deposit” will not include all or any portion of those deposit balances that, in the discretion of the Receiver or the Corporation, (i) may be required to satisfy it for any liquidated or contingent liability of any depositor arising from an unauthorized or unlawful transaction, or (ii) may be needed to provide payment of any liability of any depositor to the Failed Bank or the Receiver, including the liability of any depositor as a director or officer of the Failed Bank, whether or not the amount of the liability is or can be determined as of the Bank Closing Date.

“Deposit Secured Loan” means a loan in which the only collateral securing the loan is Assumed Deposits or deposits at other insured depository institutions.

“Electronically Stored Information” means any system backup tapes, any electronic mail (whether on an exchange or other similar system), any data on personal computers, and any data on server hard drives.

“Eligible Individuals” is defined in Section 4.12.

“Eligible Overdraft” means a customer overdraft (i) that was in existence on the Bank Closing Date, (ii) with a balance of greater than \$500, and (iii) that was not made pursuant to an overdraft protection plan or similar extension of credit.

“Employee Retention Agreements” means the agreements attached hereto as Exhibit 4.8(c).

“Equity Appreciation Instrument” means the agreement attached hereto as Exhibit 7.

“Equity Method of Accounting” means the carrying value of a bank’s investment in a subsidiary is originally recorded at cost but is adjusted periodically to record as income the bank’s proportionate share of the subsidiary’s earnings or losses and decreased by the amount of cash dividends or similar distributions received from the subsidiary. Acquired Subsidiaries with negative equity will be restated to \$1 pursuant to the Equity Method of Accounting.

“ERISA” is defined in Section 4.12.

“Excluded QFC” means a Qualified Financial Contract listed or described on Schedule 3.5(l) and all QFC Related Items relating to those Qualified Financial Contracts.

“Failed Bank” is defined in Recital A.

“Failed Bank Advances” means the total sums paid by the Failed Bank to (i) protect its lien position, (ii) pay ad valorem taxes and hazard insurance and (iii) pay premiums for credit life insurance, accident and health insurance and vendor’s single interest insurance.

“Failed Bank Assessment Area” means the most recent Community Reinvestment Act assessment area of the Failed Bank reflected in the Information Package.

“Failed Bank Records” means records as defined in 12 C.F.R. § 360.11(a)(3).

“Fair Market Value” means the probable price at which relevant personal property would change hands between a willing buyer and a willing seller (neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts) as determined as of the Bank Closing Date by an appraiser chosen by the Receiver.

“FDIC Office Space” means adequate and suitable office space (including parking facilities and vault space), furniture, equipment (including photocopying and telecopying machines), email accounts, network access and technology resources (such as shared drives), and utilities (including local telephone service and fax machines) at the Bank Premises occupied by the Assuming Institution (or other location acceptable to the Receiver) for the Receiver and the Corporation to use in the discharge of their respective functions with respect to the Failed Bank.

“Final Legal Notice” is defined in Section 2.4(a).

“Furniture and Equipment” means the furniture and equipment (other than Personal Computers, Owned Data Management Equipment, Specialty Assets, and motor vehicles), leased or owned by the Failed Bank and reflected on the Failed Bank Records as of the Bank Closing Date and located on or at Bank Premises, including automated teller machines, furniture, office machinery, shelving, office supplies, telephone, surveillance and security systems, ancillary equipment, and artwork.

“GSE” means a government sponsored enterprise.

“Indemnitees” means, except as provided in Section 12.1(b)(xi), (i) the Assuming Institution, (ii) the Subsidiaries and Affiliates of the Assuming Institution, other than any Subsidiaries or Affiliates of the Failed Bank or Signature that are or become Subsidiaries or Affiliates of the Assuming Institution, and (iii) the directors, officers, employees, and agents of the Assuming Institution and its Subsidiaries and Affiliates who are not also present or former directors, officers, employees or agents of the Failed Bank or Signature or of any Subsidiary or Affiliate of the Failed Bank or Signature.

“Information Package” means the most recent compilation of financial and other data with respect to the Failed Bank, including any amendments or supplements, provided to the Assuming Institution by the Corporation on the web site used by the Corporation to market the Failed Bank to potential acquirers.

“Initial Payment” means the payment made pursuant to Article VII (based on the best information available as of the Bank Closing Date), the amount of which will be either (i) if the Bid Amount is positive, the aggregate Book Value of the Liabilities Assumed minus the sum of the aggregate purchase price of the Acquired Assets (including any Bank Premises, Other Real

Estate, Other Real Estate Subsidiaries, and Optional Loan Pools purchased at the price set forth on the Bid) as determined pursuant to Section 3.2 and the positive Bid Amount, or (ii) if the Bid Amount is negative, the sum of the aggregate Book Value of the Liabilities Assumed and the negative Bid Amount minus the aggregate purchase price of the Acquired Assets (including any Bank Premises, Other Real Estate, Other Real Estate Subsidiaries, and Optional Loan Pools purchased at the price set forth on the Bid). The Corporation will pay the Initial Payment to the Assuming Institution if (i) the Liabilities Assumed are greater than the sum of the positive Bid Amount and the aggregate purchase price of the Acquired Assets, or if (ii) the sum of the Liabilities Assumed and the negative Bid Amount are greater than the aggregate purchase price of the Acquired Assets. The Assuming Institution will pay the Initial Payment to the Corporation if (i) the Liabilities Assumed are less than the sum of the positive Bid Amount and the aggregate purchase price of the Acquired Assets, or if (ii) the sum of the Liabilities Assumed and the negative Bid Amount is less than the aggregate purchase price of the Acquired Assets. The Initial Payment is subject to adjustment as provided in Article VIII.

“Leased Data Management Equipment” means any equipment, computer hardware, computer software (and the applicable lease or licensing agreements), computer networking equipment, printers, fax machines, copiers, document scanners, data tape systems, data tapes, DVDs, CDs, flash drives, telecommunications and check processing equipment, and any other electronic storage media leased by the Failed Bank at Bank Closing Date that is, was, or could have been used by the Failed Bank in connection with data management activities.

“Liabilities Assumed” is defined in Section 2.1.

“Lien” means any mortgage, lien, pledge, charge, assignment for security purposes, security interest or encumbrance of any kind with respect to an Acquired Asset, including any conditional sale agreement or capital lease or other title retention agreement relating to that Acquired Asset.

“Loan” or **“Loans”** means, individually or collectively, all of the following owed to or held by the Failed Bank as of the Bank Closing Date:

(a) loans (including loans that have been charged off the Failed Bank Records in whole or in part prior to and including the Bid Valuation Date), participation agreements relating to loans, interests in those participations, overdrafts of customers (including overdrafts made pursuant to an overdraft protection plan or similar extensions of credit in connection with a deposit account), revolving commercial lines of credit, home equity lines of credit, Commitments, United States or state-guaranteed student loans, and lease financing contracts;

(b) all Liens, rights (including rights of set-off), remedies, powers, privileges, demands, claims, priorities, equities and benefits owned or held by, or accruing or to accrue to or for the benefit of, the holder of the obligations or instruments referred to in clause (a) above, including those arising under or based upon Credit Documents, casualty insurance policies and binders, standby letters of credit, mortgagee title insurance policies and binders, payment bonds and performance bonds at any time and from time to time existing with respect to any of the obligations or instruments referred to in clause (a) above; and

(c) all amendments, modifications, renewals, extensions, refinancings, and refundings of or for any of the foregoing.

“Market Value” is defined in the regulation prescribing the standards for real estate appraisals used in federally related transactions, 12 C.F.R. § 323.2(g), and, accordingly, means the most probable price that an interest in real property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the assumed consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions when:

- (a) Buyer and seller are typically motivated;
- (b) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (c) A reasonable time is allowed for exposure in the open market;
- (d) Payment is made in terms of cash in U.S. dollars or comparable financial arrangements; and
- (e) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale;

as determined as of the Bank Closing Date by an appraiser chosen by the Receiver. With respect to Bank Premises purchased using this valuation method, the Receiver will select the appraiser within seven (7) days after the Bank Closing Date and will pay any costs and fees associated with that determination. The Market Value will be determined no later than sixty (60) days after the Bank Closing Date.

“New Loan” means a Loan made by the Failed Bank after the Bid Valuation Date that is not (i) a continuation, amendment, modification, renewal, extension, refinancing, restructuring, or refunding of or for any then-existing Loan, or (ii) a customer overdraft.

“Obligor” means each Person liable for the full or partial payment or performance of any Loan, whether that Person is obligated directly, indirectly, primarily, secondarily, jointly, or severally.

“Optional Loan Pool” means a grouping of various assets owned by the Failed Bank and offered to the Assuming Institution, as referenced in the Bid and described in the Information Package. Any continuation, amendment, modification, renewal, extension, refinancing, restructuring or refunding of or for any asset that was part of an Optional Loan Pool will remain part of that Optional Loan Pool. No asset may be moved between Optional Loan Pools. An asset that had been collateral securing a Loan that is part of an Optional Loan Pool remains part of that Optional Loan Pool. Any name of, or designation for, any Optional Loan Pool is for convenient reference and may not reflect the quality or nature of the assets that are part of that Optional Loan Pool.

“Other Real Estate” means all interests in real estate (other than Bank Premises), including mineral estates, leasehold rights, condominium and cooperative interests, easements, air rights, water rights, and development rights that are owned by the Failed Bank as of Bid Valuation Date.

“Other Real Estate Subsidiaries” means those Subsidiaries listed on the Bid, if any, and any Subsidiary that does not own any assets other than real estate, cash, and assets incidental to the operation of specific real estate.

“Owned Data Management Equipment” means any equipment, computer hardware, computer software, computer networking equipment, printers, fax machines, copiers, document scanners, data tape systems, data tapes, DVDs, CDs, flash drives, telecommunications and check processing equipment, and any other electronic storage media owned by the Failed Bank at Bank Closing Date that is, was, or could have been used by the Failed Bank in connection with data management activities.

“Payment Date” means March 20, 2023.

“Person” means any individual, corporation, partnership, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, excluding the Corporation.

“Personal Computer(s)” means computers based on a microprocessor generally designed to be used by one person at a time and that usually store informational data on that computer’s internal hard drive or attached peripheral, and associated peripherals (such as keyboard, mouse, etc.). A personal computer can be found in various configurations including laptops, notebooks, and desktops.

“Primary Indemnitor” means any Person (other than the Assuming Institution or any of its Affiliates) who is required to indemnify or insure, or otherwise make payments (including payments on account of claims made against) to or on behalf of any Person in connection with the claims covered under Article XII, including any insurer issuing any directors and officers liability policy or any Person issuing a financial institution bond or banker’s blanket bond.

“Pro Forma Statement” means a balance sheet that reflects a reasonably accurate financial statement of the Failed Bank as of the Bank Closing Date and serves as a basis for the opening entries of both the Assuming Institution and the Receiver.

“Proprietary Software” means computer software developed for and owned by the Failed Bank for its own purpose and use.

“Put Date” is defined in Section 3.4(d).

“Put Notice” is defined in Section 3.4(c).

“Qualified Beneficiaries” is defined in Section 4.12.

“QFC Contract Value” of a Qualified Financial Contract is its value (whether stated for the individual Qualified Financial Contract or reflected in the valuation shown for the netting set in which that Qualified Financial Contract is included) reflected in the Failed Bank Records as of the Bank Closing Date. The Receiver may adjust that value if the Receiver determines that it is inconsistent with applicable accounting principles. The foregoing is not an undertaking by the Receiver to review the Failed Bank Records for this purpose, and the Receiver may do so in its sole discretion.

“Qualified Financial Contract” means a qualified financial contract as defined in 12 U.S.C. § 1821(e)(8)(D).

“QFC Related Item” means, with respect to a Qualified Financial Contract, (i) each claim under that Qualified Financial Contract that is described in 12 U.S.C. § 1821(e)(9)(A)(i)(II) or (III) and (ii) all property securing or other credit enhancement for that Qualified Financial Contract or any claim described in 12 U.S.C. § 1821(e)(9)(A)(i)(II) or (III) under that Qualified Financial Contract.

“Receiver” is defined in the introduction to this Agreement.

“Related Liability” with respect to any Acquired Asset means any liability existing and reflected on the Failed Bank Records as of the Bank Closing Date for (i) indebtedness secured by mortgages, deeds of trust, chattel mortgages, security interests, or other liens on or affecting that Acquired Asset, (ii) ad valorem taxes applicable to that Acquired Asset and (iii) any other obligation the Receiver determines is directly related to that Acquired Asset.

“Related Liability Amount” with respect to any Related Liability on the books of the Assuming Institution, means the amount of that Related Liability as stated on the Failed Bank Records of the Assuming Institution (as maintained in accordance with generally accepted accounting principles) as of the date as of which the Related Liability Amount is being determined. With respect to a liability that relates to more than one Acquired Asset, the amount of that Related Liability will be allocated among those Acquired Assets for the purpose of determining the Related Liability Amount with respect to any one of those Acquired Assets.

The allocation will be made by specific allocation, where determinable, and otherwise will be pro rata based upon the dollar amount of the Acquired Assets stated on the Failed Bank Records of the entity that owns the specific Acquired Asset.

“Repurchase Price” means, with respect to any Acquired Asset, an amount equal to the sum of (i) the purchase price of the Acquired Asset as determined pursuant to Section 3.2 and (ii) either minus the pro rata Acquired Asset discount or plus the pro rata Acquired Asset premium, if any, (iii) adjusted (A) for any advances and interest on that Acquired Asset after the Bank Closing Date and (B) by subtracting the total amount received by the Assuming Institution for that Acquired Asset after the Bank Closing Date, regardless of how applied, (iv) plus total disbursements of principal made by the Receiver not otherwise included in the Book Value. For (x) New Loans, Deposit Secured Loans, and Eligible Overdrafts put back to the Receiver pursuant to Section 3.4 or (y) Acquired Assets sold pursuant to Section 3.7 and repurchased by the Receiver pursuant to Section 3.6, the Repurchase Price will not take into account the pro rata Acquired Asset

discount or premium, if any. The Repurchase Price for Eligible Overdrafts will include adjustments for credits or deposits received after the Bank Closing Date and prior to the date of put back.

“Settlement Date” means the first Business Day immediately prior to the day that is three hundred sixty-five (365) days after the Bank Closing Date or an earlier date agreed upon by the Receiver and the Assuming Institution. The Receiver, in its discretion, may extend the Settlement Date.

“Settlement Interest Rate” means, for the first calendar quarter or portion of the quarter during which interest accrues, the Investment Rate on the twenty-six (26)-week United States Treasury Bills in effect as of the Bank Closing Date as published by the United States Treasury on the TreasuryDirect.gov website; provided, that if no Investment Rate is published the week of the Bank Closing Date, the Investment Rate for such Treasury Bills most recently published by the United States Treasury on TreasuryDirect.gov prior to the Bank Closing Date will be used. Thereafter, the rate will be adjusted quarterly to the Investment Rate on the twenty-six (26)-week United States Treasury Bills in effect as of the first day of each succeeding calendar quarter during which interest accrues, as published by the United States Treasury on the TreasuryDirect.gov website.

“Specialty Assets” means assets owned by the Failed Bank, reflected on the Failed Bank Records as of the Bank Closing Date, located on or at Bank Premises, and with a greater value than more traditional furniture and equipment and similar assets, including fine art and high end decorative art, classic and antique motor vehicles, rare books, rare coins, airplanes, boats, jewelry, collectible firearms, cultural artifacts, sculptures, and Proprietary Software. “Specialty Assets” does not include repossessed collateral.

“Subsequently Occupied Space” is defined in Section 4.6(f).

“Subsidiary” is defined in § 3(w)(4) of the Federal Deposit Insurance Act, 12 U.S.C. § 1813(w)(4), as amended.

“Signature” is defined in Recital A.

“Transferred QFC” means a Qualified Financial Contract that is not an Excluded QFC, and all QFC Related Items relating to that Qualified Financial Contract.

“Underserved Area” means a census tract designated as an underserved middle-income nonmetropolitan track on the most recent List of Middle-Income Non-Metropolitan Distressed or Underserved Geographies as published by the Federal Financial Institutions Examination Council (“FFIEC”) on the FFIEC website. The attached Schedule 4.1(b) is a list of Bank Premises, if any, located in Underserved Areas.

ARTICLE II. ASSUMPTION OF LIABILITIES.

2.1. Liabilities Assumed by Assuming Institution. The Assuming Institution expressly assumes at Book Value (subject to adjustment pursuant to Article VIII) and will pay, perform, and discharge, all of the following liabilities of the Failed Bank as of the Bank Closing Date, except as otherwise provided in this Agreement (those liabilities, “**Liabilities Assumed**”):

(a) Assumed Deposits, except those Deposits specifically listed on Schedule 2.1(a); provided, that, as to any Deposits of public money that are Assumed Deposits, the Assuming Institution will properly secure those Deposits with (i) Acquired Assets that, before the Bank Closing Date, were pledged as security by the Failed Bank, or (ii) if those securing Acquired Assets are insufficient to properly secure those Deposits, with assets of the Assuming Institution;

(b) liabilities for indebtedness incurred by the Failed Bank, reflected on the Accounting Records of the Failed Bank on the Bank Closing Date, and secured by any perfected Lien (other than a Lien in favor of any Federal Reserve Bank or any Federal Home Loan Bank) on or affecting any Acquired Asset; provided, that the amount of any liability assumed pursuant to this Section 2.1(b) (i) is limited to the market value (as determined by the Receiver) of the Acquired Assets securing that liability and (ii) is not subject to adjustment pursuant to Article VIII;

(c) overdrafts, debit balances, service charges, reclamations and adjustments to accounts with the Federal Reserve Banks as reflected on the books and records of any such Federal Reserve Bank within ninety (90) days after the Bank Closing Date, if any;

(d) ad valorem taxes (prorated through the Bank Closing Date), whether or not reflected on the Failed Bank Records, applicable to any Acquired Asset; provided, that the assumption of any ad valorem taxes pursuant to this Section 2.1(d) is limited to the market value of the Acquired Asset to which those taxes apply as determined by the Receiver;

(e) liabilities, if any, for federal funds purchased and overdrafts in accounts maintained with other depository institutions (including any accrued and unpaid interest thereon computed to and including the Bank Closing Date); provided, that the assumption of any liability pursuant to this Section 2.1(e) will be limited to the market value of the Acquired Assets securing that liability as determined by the Receiver;

(f) United States Treasury tax and loan note option accounts, if any;

(g) liabilities for any acceptance or commercial letter of credit, provided, that the assumption of any liability pursuant to this Section 2.1(g) will be limited to the market value of the Acquired Assets securing that liability as determined by the Receiver;

(h) liabilities for any "standby letters of credit" as defined in 12 C.F.R. § 337.2(a) issued by the Failed Bank or Signature in connection with an Acquired Asset, but excluding any other standby letters of credit;

(i) duties and obligations assumed pursuant to this Agreement including those relating to the Failed Bank Records, credit card business, debit card business, stored value and gift card business, overdraft protection plans, safe deposit business, safekeeping business and trust business, if any;

(j) liabilities, if any, for Commitments with respect to Loans that are purchased pursuant to this Agreement;

(k) liabilities, if any, for amounts owed to any Acquired Subsidiary;

(l) reserved;

(m) liabilities, if any, under any contract pursuant to which loan servicing is provided to the Failed Bank by others; and

(n) any deferred revenue, income or fees recorded on the general ledger of the Failed Bank as of the Bank Closing Date attributable to any business assumed pursuant to Section 4.2, 4.3, 4.4, or 4.5 of this Agreement, excluding any deferred income or revenue relative to FASB 91 – Loan Fees and Costs associated with originating or acquiring Loans and initial direct costs of leases.

2.2. Liabilities Not Assumed by the Assuming Institution. Except for the Liabilities Assumed expressly set forth above, the Assuming Institution shall not assume any claims, debts, obligations or liabilities (whether known or unknown, contingent or unasserted, matured or unmatured), however they may be characterized, that the Failed Bank has, or may now or in the future have, including, (a) the claims, debts, obligations or liabilities of the Failed Bank relating to the contracts listed on Schedule 2.2 (the “**Excluded Contracts**”); (b) any direct or indirect Tax liabilities or obligations of the Failed Bank that are attributable to any taxable period (or portion thereof) ending on or before the Bank Closing Date; and (c) the SIGNET Network.

Notwithstanding anything to the contrary set forth herein, the Assuming Institution shall not assume: (a) any claim against or liability of the FDIC in its capacity as receiver for the Failed Bank that, under and in accordance with applicable law, was, is or will be subject to the receivership administrative claims processes administered by the FDIC in its capacity as receiver for the Failed Bank pursuant to 12 U.S.C. §1821(d)(3) through (13), including claims and liabilities that are affirmative or defensive, now existing or arising in the future, contingent or fixed, monetary or non-monetary, equitable or legal, or declarative or injunctive; or (b) any claim against or liability based on any alleged act or omission of the Failed Bank which is not provable or allowable, or is otherwise barred against the FDIC as receiver for the Failed Bank under applicable law, including claims and liabilities that are barred under 12 U.S.C. §§1821(c), (d), (e) (including §1821(e)(3)), (i), or (j); 12 U.S.C. §1822; 12 U.S.C. §1823; or 12 U.S.C. §1825; or (c) any claim against or liability of the FDIC in its capacity as receiver for the Failed Bank that, under and in accordance with applicable law, was, is or will be subject to other similar federal and state laws (including statutory and common law) doctrines that protect financial institution receivers and their assignees (for example, the so-called “D’Oench Doctrine,” statutory bona fide purchaser status, involuntary assignee protection, etc.), regardless of whether any of the foregoing powers, immunities, defenses, privileges or other rights are (or are asserted, claimed or purported to be) available to an assignee of the Failed Bank (including a purchaser of assets from the Failed Bank). The claims, debts, obligations and liabilities referred to in this Section 2.2 are collectively referred to as the “**Excluded Liabilities**”.

2.3. Interest on Deposit Liabilities. The Assuming Institution, from and after the Bank Closing Date, will accrue and pay interest on Assumed Deposits pursuant to Section 2.1 at a rate(s) it determines; provided, that for non-transaction Deposit liabilities, the rate(s) will not be less than the lowest rate offered by the Assuming Institution to its depositors for non-transaction deposit accounts. The Assuming Institution will permit each depositor to withdraw, without penalty for early withdrawal, all or any portion of that depositor’s Deposit, whether or not the Assuming

Institution elects to pay interest in accordance with any deposit agreement formerly existing between the Failed Bank and that depositor; and further provided, that if the Deposit has been pledged to secure an obligation of the depositor or other party, any withdrawal of that Deposit will be subject to the terms of the agreement governing the pledge. The Assuming Institution will give notice to those depositors as provided in Section 5.3 of the rate(s) of interest that it has determined to pay and of those withdrawal rights.

2.4. Unclaimed Deposits.

(a) **Final Legal Notice.** Fourteen (14) months following the Bank Closing Date, the Assuming Institution will provide the Receiver a listing of all deposit accounts, including the type of account, not claimed by the depositor. The Receiver will review the list and authorize the Assuming Institution to act on behalf of the Receiver to send a Final Legal Notice in a form substantially similar to Exhibit 2.3A (the “**Final Legal Notice**”) to each owner of the unclaimed deposits with a reminder of the need to claim or arrange to continue their account(s) with the Assuming Institution. The Assuming Institution will send the Final Legal Notice to the depositors within fifteen (15) days following notification of the Receiver’s authorization. The Assuming Institution will prepare an Affidavit of Mailing in a form substantially similar to Exhibit 2.3B and will forward the Affidavit of Mailing to the Receiver after mailing out the Final Legal Notice to the owners of unclaimed deposit accounts.

(b) **Unclaimed Deposits.** If, within eighteen (18) months after the Bank Closing Date, any depositor of the Failed Bank does not claim or arrange to continue that depositor’s Assumed Deposits at the Assuming Institution, the Assuming Institution will, within fifteen (15) Business Days after the end of that eighteen (18) month period, (i) refund to the Receiver the full amount of each such Deposit (without reduction for service charges), (ii) provide to the Receiver a schedule of all refunded Deposits in the form prescribed by the Receiver, and (iii) assign, transfer, convey, and deliver to the Receiver, all right, title, and interest of the Assuming Institution in and to the Failed Bank Records previously transferred to the Assuming Institution and other records generated or maintained by the Assuming Institution pertaining to those Deposits. During that eighteen (18) month period, at the request of the Receiver, the Assuming Institution will promptly provide to the Receiver schedules of unclaimed Deposits in the form prescribed by the Receiver.

2.5. Employee Plans. Except as provided in Section 4.8 and Section 4.12, the Assuming Institution will have no liabilities, obligations, or responsibilities under the Failed Bank’s health care, bonus, vacation, pension, profit sharing, deferred compensation, 401k, stock purchase plans, or similar plans, if any, unless the Receiver and the Assuming Institution agree otherwise subsequent to the date of this Agreement.

ARTICLE III. PURCHASE OF ASSETS AND QUALIFIED FINANCIAL CONTRACTS.

3.1. Assets and Qualified Financial Contracts Purchased by Assuming Institution.

With the exception of assets and (to the extent not constituting assets) Qualified Financial Contracts and QFC Related Items that are expressly excluded in Sections 3.5 and 3.6, the Assuming Institution purchases from the Receiver, and the Receiver sells, assigns, transfers, conveys, and delivers to the Assuming Institution all right, title, and interest of the Receiver in and

to all assets (real, personal, and mixed, wherever located and however acquired) and (to the extent not constituting assets) all Qualified Financial Contracts and all QFC Related Items relating to each Qualified Financial Contract (in each case, wherever located and however acquired), including all subsidiaries, joint ventures, partnerships, and any and all other business combinations or arrangements, whether active, inactive, dissolved, or terminated, of the Failed Bank whether or not reflected on the books of the Failed Bank as of the Bank Closing Date. The Assuming Institution purchases all Acquired Assets subject to all liabilities for indebtedness collateralized by Liens affecting those Acquired Assets to the extent provided in Section 2.1. The Receiver will cooperate with the Assuming Institution to remove any Liens in favor of the Federal Reserve Banks and Federal Home Loan Banks on any Acquired Assets .

3.2. Asset Purchase Price.

(a) **Determination of Asset Purchase Price.** All Acquired Assets and assets of the Failed Bank subject to an option to purchase by the Assuming Institution will be purchased for the amount, or the amount resulting from the method specified for determining the amount, as specified on Schedule 3.2, except as otherwise may be provided in this Agreement. Any Acquired Asset for which no purchase price is specified on Schedule 3.2 or otherwise in this Agreement will be purchased at its Book Value. The purchase price for Acquired Subsidiaries will be adjusted pursuant to Section 4.6(i)(iv), if applicable.

(b) **Purchase Price for Securities.** The purchase price of any security (other than the capital stock of any Acquired Subsidiary, Federal Home Loan Bank stock, repossessed securities, and any Qualified Financial Contract that constitutes a security) purchased under Section 3.1 by the Assuming Institution consists of the market price (as defined below) of the security as of the Bank Closing Date, multiplied by the Failed Bank's ownership interest in the security (see Calculation of Purchase Price below) and includes accrued interest, where applicable, as noted below.

(i) **Definition of Market Price:** The market price of any security is (i) the market price for that security quoted at the close of the trading day effective on the Bank Closing Date as published electronically by Bloomberg, L.P., or alternatively, at the discretion of the Receiver, by Intercontinental Exchange (ICE) Data Services' Continuous Evaluated Pricing Services (CEP), or (ii) provided that if that market price is not available for that security, the Receiver will notify the Assuming Institution and the Assuming Institution will submit a purchase price bid for that security within three (3) days of notification (unless the Assuming Institution and the Receiver agree to a different time period) and the Receiver, in its sole and absolute discretion, will accept or reject that purchase price bid. In the absence of a market price or an acceptable purchase price bid from the Assuming Institution, or if a security is deemed essential to the Receiver as determined by the Receiver in its discretion under Section 3.6 of this Agreement, that security will not pass to the Assuming Institution and will be an excluded asset under this Agreement and listed on Schedule 3.5(l).

(ii) **Calculation of Purchase Price:** The bank's ownership interest in a security will be quantified as either: (i) number of shares or other units, as applicable (in the case of equity securities) or (ii) par value or notational amount, as applicable (in the case of non-equity securities). As a result, the purchase price (except where determined

pursuant to clause (ii) of the preceding paragraph) will be calculated as either, depending on whether or not the security is an equity security: (i) the purchase price for an equity security will be calculated by multiplying the number of shares or other units by the applicable market price per unit; and (ii) the purchase price for a non-equity security will be an amount equal to the applicable market price (expressed as a decimal), multiplied by the par value for that security (based on the payment factor most recently widely available). The purchase price also will include accrued interest as calculated in accordance with the following paragraph, except to the extent the parties may otherwise expressly agree pursuant to clause (ii) of the preceding paragraph. If the factor used to determine the par value of any security for purposes of calculating the purchase price, is not for the period in which the Bank Closing Date occurs, then the purchase price for that security will be subject to adjustment post-closing based on a "cancel and correct" procedure. Under this procedure, after that current factor becomes publicly available, the Receiver will recalculate the purchase price utilizing the current factor and related interest rate, and will notify the Assuming Institution of any difference and of the applicable amount due from one party to the other. The resulting amount will then be paid as part of the settlement process pursuant to Article VIII.

(iii) Calculation of Accrued Interest for Securities: Accrued interest will be calculated for a non-equity security by multiplying the interest rate (expressed as a decimal point) paid on the security as then most recently publicly available, by the most recent par value (or notational amount, as applicable) of that security, multiplied by the number of days from and including the first interest day of the accrual period in which the Bank Closing Date occurs, through the Bank Closing Date.

(c) Purchase Price for Qualified Financial Contracts. Qualified Financial Contracts that are Transferred QFCs will be valued and purchased at QFC Contract Value (positive or negative). The Receiver and the Assuming Institution will equally share any costs associated with the determination of QFC Contract Value.

3.3. Manner of Conveyance; Limited Warranty; Nonrecourse; Etc. THE CONVEYANCE OF ALL ACQUIRED ASSETS, INCLUDING REAL AND PERSONAL PROPERTY INTERESTS, PURCHASED BY THE ASSUMING INSTITUTION UNDER THIS AGREEMENT WILL BE MADE, AS NECESSARY, BY RECEIVER'S DEED OR RECEIVER'S BILL OF SALE, "AS IS", "WHERE IS", WITHOUT RE COURSE, AND, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, WITHOUT ANY WARRANTIES WHATSOEVER WITH RESPECT TO THOSE ACQUIRED ASSETS, EXPRESS OR IMPLIED, WITH RESPECT TO TITLE, VALUE, COLLECTIBILITY, GENUINENESS, ENFORCEABILITY, DOCUMENTATION, CONDITION, OR FREEDOM FROM LIENS OR ENCUMBRANCES (IN WHOLE OR IN PART), OR ANY OTHER MATTERS.

3.4. Puts of Assets to the Receiver.

(a) Puts Within 30 Days or 40 Days After the Bank Closing Date.

(i) During the thirty (30)-day period following the Bank Closing Date (which thirty (30)-day period may be extended in writing in the sole and absolute discretion

of the Receiver for any Loan), the Assuming Institution may require the Receiver to purchase (x) any Deposit Secured Loan transferred to the Assuming Institution pursuant to Section 3.1 that is not fully secured by Assumed Deposits or deposits at other insured depository institutions due to either insufficient Assumed Deposit or deposit collateral or deficient documentation regarding that collateral or (y) any New Loan; provided that, (I) the Assuming Institution may not require the purchase of a Deposit Secured Loan that is secured by an Assumed Deposit until any Deposit setoff determination, whether voluntary or involuntary, has been made and (II) the Assuming Institution may not require the purchase of any Loan (x) that is a Transferred QFC, or (y) in respect of which a Related Liability constituting a Transferred QFC exists.

(ii) During the forty (40)-day period following the Bank Closing Date, the Assuming Institution may require the Receiver to purchase, any Eligible Overdraft transferred to the Assuming Institution pursuant to Section 3.1 that existed on the thirtieth (30th) day following the Bank Closing Date.

(iii) Notwithstanding the foregoing, the Assuming Institution may not require the Receiver to purchase any Loan pursuant to Section 3.4(a) if (x) the Obligor with respect to that Loan is an Acquired Subsidiary or (y) the Assuming Institution has:

(A) made any advance in accordance with the terms of a Commitment or otherwise with respect to that Loan;

(B) taken any action that caused an increase in the amount of a Related Liability with respect to that Loan;

(C) created or permitted to be created any Lien on that Loan that secures indebtedness for money borrowed or that constitutes a conditional sales agreement, capital lease or other title retention agreement;

(D) entered into, agreed to make, grant or permit, or made, granted or permitted any modification or amendment to, any waiver or extension with respect to, or any renewal, refinancing or refunding of, that Loan or related Credit Documents or collateral, including any act or omission that diminished that collateral; or

(E) sold, assigned, or transferred all or a portion of that Loan to a third party (whether with or without recourse).

(b) Puts Prior to the Settlement Date. During the period from the Bank Closing Date to and including the Business Day immediately preceding the Settlement Date, the Assuming Institution may require the Receiver to purchase any Acquired Asset that the Assuming Institution can establish is evidenced by forged or stolen instruments as of the Bank Closing Date; provided that the Assuming Institution may not require the Receiver to purchase any Acquired Asset with respect to which the Assuming Institution has taken any action referred to in Section 3.4(a)(iii).

(c) Notices to the Receiver. If the Assuming Institution elects to require the Receiver to purchase one or more Acquired Assets pursuant to this Section 3.4, the Assuming Institution will deliver to the Receiver a notice (“**Put Notice**”) which must include:

(i) a list of all Acquired Assets that the Assuming Institution requires the Receiver to purchase;

(ii) a list of all Related Liabilities with respect to the Acquired Assets identified in the Put Notice; and

(iii) a statement of the estimated Repurchase Price of each Acquired Asset identified in the Put Notice as of the applicable Put Date (defined below).

The Put Notice must be in the form prescribed by the Receiver or other form to which the Receiver has consented. As provided in Section 9.6, the Assuming Institution will deliver to the Receiver all documents, Credit Files, and additional information relating to the subject matter of the Put Notice as the Receiver may request, and the Assuming Institution will provide the Receiver with full access to all other relevant books and records.

(d) Purchase by Receiver. The Receiver will purchase the Acquired Assets that are specified in the Put Notice and will assume Related Liabilities with respect to those Acquired Assets. The transfer of those Acquired Assets and Related Liabilities will be effective as of a date determined by the Receiver, which date will not be later than thirty (30) days after receipt by the Receiver of the Put Notice (the “**Put Date**”).

(e) Purchase Price and Payment Date. The Receiver will purchase each Acquired Asset pursuant to this Section 3.4 at a purchase price equal to the Repurchase Price of the Acquired Asset minus the Related Liability Amount applicable to the Acquired Asset, determined as of the applicable Put Date. If the difference between the Repurchase Price and the Related Liability Amount is positive, then the Receiver will pay to the Assuming Institution the amount of the difference; if the difference between those amounts is negative, then the Assuming Institution will pay to the Receiver the amount of the difference. The Assuming Institution or the Receiver, as the case may be, will pay the amount determined pursuant to this Section 3.4 no later than the twentieth (20th) Business Day following the applicable Put Date, plus interest on that amount at the Settlement Interest Rate for the period from and including that Put Date to and including the day preceding the date on which payment is made.

(f) Servicing. The Assuming Institution will administer and manage any Acquired Asset subject to purchase by the Receiver in accordance with usual and prudent banking standards and business practices until the Receiver purchases that Acquired Asset.

(g) Reversals. If the Receiver purchases an Acquired Asset that it is not required to purchase pursuant to this Section 3.4, the Assuming Institution will repurchase that Acquired Asset (and assume any Related Liability with respect to that Acquired Asset that was assumed by the Receiver) from the Receiver at a price computed so as to achieve the same economic result as would apply if the Receiver had never purchased that Acquired Asset pursuant to this Section 3.4.

(h) **Transfer to Receiver without Recourse.** The Assuming Institution will transfer any Acquired Asset pursuant to this Section 3.4 to the Receiver without recourse and will indemnify the Receiver against any and all claims of any Person claiming by, through or under the Assuming Institution with respect to that Acquired Asset, as provided in Section 12.4.

3.5. Assets Not Purchased by Assuming Institution. The Assuming Institution does not purchase, acquire or assume, or (except as otherwise expressly provided in this Agreement) obtain an option to purchase, acquire or assume under this Agreement:

(a) any financial institution bonds, banker's blanket bonds, or public liability, fire, extended coverage insurance policy, bank owned life insurance or any other insurance policy of the Failed Bank, or premium refund, unearned premium derived from cancellation, or any proceeds payable with respect to any of the foregoing;

(b) any interest, right, action, claim, or judgment against (i) any officer, director, employee, accountant, attorney, or any other Person employed or retained by the Failed Bank or any Subsidiary of the Failed Bank on or prior to the Bank Closing Date arising out of any act or omission of that Person in that capacity, (ii) any underwriter of financial institution bonds, banker's blanket bonds or any other insurance policy of the Failed Bank in that capacity, (iii) any shareholder or holding company of the Failed Bank in that capacity, or (iv) any other Person for any loss arising from a breach of any duty, tortious conduct of any kind whatsoever, violation of any law, or any other wrongdoing (exclusive of any loss resulting from that Person's failure to pay on a Loan made by the Failed Bank); provided, that for the purposes of this Section 3.2(b), the acts, omissions, or other events giving rise to any claim must have occurred on or before the Bank Closing Date, regardless of when that claim is discovered and regardless of whether that claim is made with respect to a financial institution bond, banker's blanket bond, or any other insurance policy of the Failed Bank in force as of the Bank Closing Date;

(c) prepaid regulatory assessments of the Failed Bank, if any;

(d) legal or equitable interests in tax receivables of the Failed Bank, if any, including any claims arising as a result of the Failed Bank having entered into any agreement or otherwise being joined with another Person with respect to the filing of tax returns or the payment of taxes;

(e) amounts reflected on the Failed Bank Records as of the Bank Closing Date as a general or specific loss reserve or contingency account, if any;

(f) leased or owned Bank Premises, Furniture and Equipment, and Specialty Assets that were not purchased according to the Bid, if any; however, nothing in this Section 3.2(f) precludes the Assuming Institution from exercising any option provided under Sections 4.6, 4.7, or 4.8 to purchase those assets;

(g) owned Bank Premises that the Receiver, in its discretion, determines may contain environmentally hazardous substances;

(h) any "goodwill" (as that term is defined in the instructions to the report of condition prepared by banks examined by the Corporation in accordance with 12 C.F.R. § 304.3) and other intangibles (other than intellectual property);

- (i) any criminal restitution or forfeiture orders issued in favor of the Failed Bank;
- (j) any and all prepaid fees or any other income as shown on the Failed Bank Records, but not taken into income as of the Bank Closing Date, associated with a line of business of the Failed Bank that is not assumed pursuant to this Agreement;
- (k) any asset essential to the Receiver in accordance with Section 3.6;
- (l) any banker's bank stock, the securities listed or described on Schedule 3.5(l), and the Excluded QFCs described in Schedule 3.5(l);
- (m) reserved;
- (n) prepaid accounts associated with any contract or agreement that the Assuming Institution neither does not directly assume pursuant to the terms of this Agreement, nor has an option to assume under Section 4.8;
- (o) any contract pursuant to which the Failed Bank provides loan servicing for others;
- (p) all assets that were fully charged-off by the Failed Bank prior to the Bid Valuation Date (including any subsequent judgments arising therefrom) that (i) had been secured by collateral that (A) was foreclosed upon by the Failed Bank and (B) is not an Acquired Asset, (ii) are secured by collateral that also secures an asset that is not an Acquired Asset, or (iii) have an Obligor that is also an Obligor for an asset that is not an Acquired Asset;
- (q) any Loan that was secured by collateral that is an asset retained by the Receiver under this Agreement;
- (r) all assets related to any plan of the Failed Bank described in Section 2.5 or any plan of the type described in Section 2.5 under which the Failed Bank has any liability, obligation or responsibility, unless the Assuming Institution assumes liability, obligations or responsibilities under that plan subsequent to the date of this Agreement;
- (s) any asset not shown on the Failed Bank Records as of the Bank Closing Date and discovered after the Settlement Date;
- (t) loans secured by non owner-occupied commercial real estate, specifically including multifamily and one-to-four-family residential development and construction loans;
- (u) acquisitions, development, and construction loans;
- (v) any cryptocurrency or digital assets or loans secured by cryptocurrency or digital assets;
- (w) credit card loans;

(x) fund banking, defined as subscription lines of credit, management company lines of credit and general partner loans for private equity firms and venture capital firms and their general partners;

(y) Other Real Estate and Other Real Estate Subsidiaries;

(z) all Subsidiaries except for Signature Financial, LLC; Signature Securities Group Corporation; Signature Public Funding Corporation; Signature Preferred Capital (a REIT); SB Insurance Agency Inc.; Other subsidiaries to the extent necessary to own or operate the Acquired Assets; and

(aa) the SIGNET Network;

provided, that, the foregoing provisions of this Section 3.5 do not apply to any Qualified Financial Contract or QFC Related Item, other than an Excluded QFC or a QFC Related Item included as part of that Excluded QFC.

3.6. Retention or Repurchase of Assets Essential to Receiver.

(a) The Receiver may refuse to sell to the Assuming Institution, or the Assuming Institution, at the request of the Receiver set forth in a written notice to the Assuming Institution, will sell, assign, transfer, convey, and deliver to the Receiver, all of the Assuming Institution's right, title, and interest in and to any Acquired Asset or asset essential to the Receiver as determined by the Receiver in its discretion (and all related Credit Documents), which may include any Acquired Asset or asset that the Receiver determines to be:

(i) made to or entered into with an officer, director, or other Person engaging in the affairs of the Failed Bank, its Subsidiaries, Affiliates, or any related entities of any of the foregoing;

(ii) the subject of any investigation relating to any claim with respect to any item described in Section 3.5(a) or (b), or the subject of, or potentially the subject of, any legal proceedings;

(iii) made to or entered into with a Person who is an Obligor on a loan owned by the Receiver or the Corporation in its corporate capacity or its capacity as receiver of any institution;

(iv) secured by collateral that also secures any asset or (to the extent not included as an asset) any Qualified Financial Contract or QFC Related Item owned by the Receiver; or

(v) related to any asset or (to the extent not included as an asset) any Qualified Financial Contract or QFC Related Item of the Failed Bank not purchased by the Assuming Institution under this Article III or any liability of the Failed Bank not assumed by the Assuming Institution under Article II.

(b) The Receiver will purchase each Acquired Asset or other asset at a purchase price equal to its Repurchase Price less the Related Liability Amount with respect to any Related Liabilities related to that Acquired Asset or asset, in each case determined as of the date

of the notice provided by the Receiver pursuant to Section 3.6(a). The Receiver will pay the Assuming Institution no later than the twentieth (20th) Business Day following receipt of related Credit Documents and Credit Files plus interest on that amount at the Settlement Interest Rate for the period from and including the date of receipt of those documents to and including the day preceding the day on which payment is made. The Assuming Institution will administer and manage each Acquired Asset or other asset in accordance with usual and prudent banking standards and business practices until each Acquired Asset or other asset is purchased by the Receiver. All transfers with respect to Acquired Assets or other assets under this Section 3.6 will be made as provided in Section 9.6. The Assuming Institution will transfer all Acquired Assets or other assets and Related Liabilities to the Receiver without recourse and will indemnify the Receiver against any and all claims of any Person claiming by, through, or under the Assuming Institution with respect to any Acquired Asset or asset, as provided in Section 12.4.

3.7. Receiver's Offer to Sell Withheld Loans. For the period of thirty (30) days commencing the day after the Bank Closing Date, the Receiver may, in its sole and absolute discretion, sell any Loan withheld from sale pursuant to Section 3.5 or Section 3.6 of this Agreement that the Assuming Institution desires to purchase. Any Loan sold pursuant to this Section 3.7 will, at the sole and absolute discretion of the Receiver, either (x) be treated as if initially sold pursuant to Section 3.1 of this Agreement, or (y) sold pursuant to the standard loan sale agreement used by the Receiver for the sale of loan pools.

(a) If treated as if initially sold pursuant to Section 3.1 of this Agreement, the purchase price for that Loan will be the Book Value as of the Bank Closing Date, adjusted (i) for any advances and interest on that Loan after the Bank Closing Date, (ii) by subtracting the total amount received by the Assuming Institution for that Loan after the Bank Closing Date, and (iii) by adding total disbursements of principal made by the Receiver and not otherwise included in the Book Value. The sale will be subject to all applicable terms of this Agreement, except that any Loan purchased pursuant to this Section 3.7 will not be included in the calculation of the pro rata Acquired Asset discount or pro rata Acquired Asset premium used for the repurchase of other Acquired Assets. Payment for any Loan will be handled through the settlement process pursuant to Article VIII.

(b) Any Loan sold pursuant to the standard loan sale agreement will be governed by and paid for in accordance with that instrument.

ARTICLE IV. ASSUMPTION OF CERTAIN DUTIES AND OBLIGATIONS.

4.1. Continuation of Banking Business.

(a) **Full Service Banking.** The Assuming Institution will (i) provide full service banking in the Failed Bank Assessment Area for at least ninety (90) days commencing on the first Business Day after the Bank Closing Date and (ii) satisfy applicable regulatory or statutory requirements before it ceases to provide full service banking in the Failed Bank Assessment Area. At the option of the Assuming Institution, it may provide that full service banking at one or more Bank Premises or Assuming Institution branches located within the Failed Bank Assessment Area. So long as the Assuming Institution (or its successors) continues to provide full service banking in the Failed Bank Assessment Area for the period required to comply with this Section 4.1(a), the Assuming Institution may close or sell any Bank Premises during this period with the prior written

consent of the Receiver (which consent may be withheld in Receiver's sole discretion) and after receipt of all necessary regulatory approvals and satisfaction of applicable regulatory or statutory requirements.

(b) **Bank Premises Located in an Underserved Area.** If any Bank Premises is currently used and located in an Underserved Area, the Receiver will not consent to the Assuming Institution's closing or selling that Bank Premises, unless the Assuming Institution provides full service banking at one or more Bank Premises or Assuming Institution branches located within the same Underserved Area.

(c) **Failure to Exercise Option to Purchase Bank Premises.** If any owned Bank Premises is currently used and located in an Underserved Area and the Assuming Institution does not exercise its option to purchase it under Section 4.6(a), the Receiver will continue to rent that owned Bank Premises to the Assuming Institution for the amount provided in Section 4.6(e) in order to allow the Assuming Institution to comply with Section 4.1(a).

(d) **Sale of Bank Premises.** The Assuming Institution will pay to the Receiver, upon the sale of any Bank Premises within twelve months following the Bank Closing Date, fifty percent (50%) of the amount by which (a) the proceeds of that sale attributable to any franchise or deposit premium (without deducting any expenses related to that sale) exceed (b) the deposit premium paid by the Assuming Institution with respect to each Bank Premises sold.

4.2. Credit Card Business. The Assuming Institution will NOT acquire or assume, from and after the Bank Closing Date, any and all duties and obligations with respect to the Failed Bank's credit card business (including issuer or merchant acquirer) debit card business, stored value and gift card business, and processing related to credit cards, if any.

4.3. Safe Deposit Business. The Assuming Institution will honor and discharge, from and after the Bank Closing Date, in the usual course of conducting a banking business, the duties and obligations of the Failed Bank under customer safe deposit box rental agreements. The Assuming Institution may relocate the safe deposit boxes of the Failed Bank to any office of the Assuming Institution located in the Failed Bank Assessment Area in which those safe deposit boxes were located. The Assuming Institution will (a) locate and maintain the safe deposit boxes in the Failed Bank Assessment Area for at least ninety (90) days commencing on the first Business Day after the Bank Closing Date and (b) satisfy applicable regulatory or statutory requirements before it ceases to maintain the safe deposit boxes in the Failed Bank Assessment Area.

4.4. Safekeeping Business. The Receiver transfers, conveys and delivers to the Assuming Institution and the Assuming Institution accepts all securities and other items, if any, held by the Failed Bank in safekeeping for its customers as of the Bank Closing Date. The Assuming Institution will honor and discharge, from and after the Bank Closing Date, the duties and obligations of the Failed Bank with respect to those securities and items held in safekeeping. The Assuming Institution will provide to the Receiver written verification of all assets held by the Failed Bank for safekeeping within sixty (60) days after the Bank Closing Date. The Assuming Institution will (a) hold for safekeeping and maintain in the Failed Bank Assessment Area for at least ninety (90) days commencing on the first Business Day after the Bank Closing Date the assets held and maintained by the Failed Bank for safekeeping and (b) satisfy applicable regulatory or statutory requirements before it ceases to hold for safekeeping and maintain those assets in the

Failed Bank Assessment Area. At the option of the Assuming Institution, it may provide the safekeeping business at any or all of the Bank Premises or at other premises within the Failed Bank Assessment Area. The Assuming Institution will be entitled to all rights and benefits that accrue after the Bank Closing Date with respect to securities and other items held in safekeeping.

4.5. Trust Business.

(a) Assuming Institution as Successor. The Assuming Institution will, without further transfer, substitution, act, or deed, to the full extent permitted by law, succeed to the rights, obligations, properties, assets, investments, deposits, agreements, and trusts of the Failed Bank under trusts, executorships, administrations, guardianships, agencies, and other fiduciary or representative capacities, all to the same extent as though the Assuming Institution had assumed the same from the Failed Bank prior to the Bank Closing Date; provided, that the Assuming Institution does not assume any liability based on the misfeasance, malfeasance, or nonfeasance of the Failed Bank, its directors, officers, employees, or agents with respect to the trust business.

(b) Wills and Appointments. The Assuming Institution, to the full extent permitted by law, succeeds to, and is entitled to take and execute, the appointment to all executorships, trusteeships, guardianships, and other fiduciary or representative capacities to which the Failed Bank is or may be named in wills, whenever probated, or to which the Failed Bank is or may be named or appointed by any other instrument.

(c) Transfer of Trust Business. If additional proceedings of any kind are necessary to accomplish the transfer of the Failed Bank's trust business, the Assuming Institution will, at its own expense, take whatever action is necessary to accomplish the transfer. The Receiver will use reasonable efforts to assist the Assuming Institution in accomplishing the transfer.

(d) Verification of Assets. The Assuming Institution will provide to the Receiver written verification of the assets held in connection with the Failed Bank's trust business within sixty (60) days after the Bank Closing Date.

4.6. Bank Premises.

(a) Option to Purchase.

(i) Subject to Section 3.5, the Receiver grants to the Assuming Institution an exclusive option for the period of ninety (90) days commencing the day after the Bank Closing Date to purchase any or all owned Bank Premises. The Assuming Institution will give written notice to the Receiver within the option period of its election to purchase or not to purchase any of the owned Bank Premises. Any purchase of owned Bank Premises will be consummated as soon as practicable thereafter (and no later than the Settlement Date).

(ii) The Receiver may, in its sole and absolute discretion, manage and maintain each owned Bank Premises with one or more tenants (other than the Assuming Institution) during the period from the Bank Closing Date until the date the Receiver receives the purchase price for that Bank Premises from the Assuming Institution.

(b) Option to Lease. The Receiver grants to the Assuming Institution an exclusive option for the period of sixty (60) days commencing the day after the Bank Closing Date to cause the Receiver to assign to the Assuming Institution any or all leases for leased Bank Premises, if any, to the extent those leases can be assigned; provided that the exercise of this option with respect to any lease must be as to all premises or other property subject to that lease. To the extent the lease payments provided for in any assigned lease are minimal in relation to the current market rate as determined by the Receiver, the Assuming Institution will pay the Receiver the Market Value of the Receiver's interest in that assigned lease. The Assuming Institution will give written notice to the Receiver within the option period of its election to accept or not to accept an assignment of any or all leases (or enter into new leases in lieu thereof). The Assuming Institution will assume all leases assigned (or enter into new leases in lieu thereof) pursuant to this Section 4.6.

(c) Facilitation. The Receiver will facilitate the assumption, assignment, or sublease of leases, or the negotiation of new leases by the Assuming Institution; provided that neither the Receiver nor the Corporation is required to engage in litigation, make payments to the Assuming Institution or to any third party in connection with facilitating any assumption, assignment, sublease, or negotiation, or commit to any other obligations to third parties.

(d) Notice of Surrender of Bank Premises. The Assuming Institution will give the Receiver at least fifteen (15) days' prior written notice of its intent to surrender to the Receiver any Bank Premises with respect to which the Assuming Institution has not exercised the options provided in Sections 4.6(a) and 4.6(b). The notice must designate the intended Bank Premises Surrender Date and will terminate the Assuming Institution's option with respect to that Bank Premises.

(e) Occupancy Costs.

(i) The Assuming Institution will pay the following amounts to the Receiver (or to appropriate third parties at the direction of the Receiver): (A) for owned Bank Premises, the rental rate, as determined by the Receiver, and all Bank Premises Operating Costs (each for the space not occupied by other tenants) for the period from the Bank Closing Date until (1) the date the Receiver receives written notice from the Assuming Institution of its election to purchase that Bank Premises under Section 4.6(a), or (2) the Bank Premises Surrender Date for owned Bank Premises the Assuming Institution elects not to purchase; and (B) for leased Bank Premises, rent, as provided in the applicable lease, and all Bank Premises Operating Costs for the period from the Bank Closing Date until (1) the date the Receiver receives written notice from the Assuming Institution of its election to accept an assignment of the lease for that Bank Premises under Section 4.6(b), or (2) the Bank Premises Surrender Date for leased Bank Premises for which the Assuming Institution does not elect to assume the lease. The Assuming Institution will comply with the terms of applicable leases on leased Bank Premises, including the timely payment of all rent.

(ii) The Assuming Institution will pay the following amounts to the Receiver (or to appropriate third parties at the direction of the Receiver): rent for the period from the Bank Closing Date until the Bank Premises Surrender Date for all owned or leased Furniture and Equipment and all Specialty Assets located in space not occupied by other

tenants and on or at either (A) owned Bank Premises the Assuming Institution elects not to purchase or (B) leased Bank Premises for which the Assuming Institution does not elect to assume the lease. No later than sixty (60) days after the Bank Closing Date, the Receiver will determine the rent for that property owned by the Failed Bank. Rent for that property leased by the Failed Bank will be an amount equal to all rent and other amounts that the Receiver incurs or accrues as an obligation or is obligated to pay for that period pursuant to all leases and contracts with respect to that property.

(iii) Subject to Section 4.1, if the Assuming Institution gives notice of its election not to accept an assignment of a lease for one or more of the leased Bank Premises, or not to purchase one or more of the owned Bank Premises, within two Business Days of the Bank Closing Date, and the Receiver is satisfied that all of the conditions for surrender of that Bank Premises set forth in this Agreement have been met within fifteen (15) days of the Bank Closing Date, the Assuming Institution will not be liable for any of the costs imposed by Sections 4.6(e)(i) or 4.6(e)(ii). If the Assuming Institution elects not to accept an assignment of any lease or purchase one or more of the owned Bank Premises under this Section 4.6(e)(iii), the provisions of Section 4.8(a) will not apply to service agreements related to those Bank Premises.

(f) Certain Requirements as to Furniture and Equipment, and Certain Specialty Assets. If the Assuming Institution (i) purchases owned Bank Premises (including any Bank Premises purchased at the fixed price shown on the Bid) as provided in Section 4.6(a) or (ii) accepts an assignment of the lease (or enters into a sublease or a new lease in lieu thereof) for leased Bank Premises as provided in Section 4.6(b), or (iii) does not exercise either option, but within twelve (12) months following the Bank Closing Date obtains the right to occupy all or any portion of any Bank Premises, whether by assignment, lease, sublease, purchase, or otherwise, other than in accordance with Section 4.6(a) or Section 4.6(b) (each of the preceding, a "Subsequently Occupied Space"), the Assuming Institution will (A) effective as of the Bank Closing Date, purchase from the Receiver, at the item's purchase price specified on Schedule 3.2, all Specialty Assets with an appraised value (as determined in accordance with Section 4.6(j)) of less than \$10,000, and all Furniture and Equipment owned by the Failed Bank and located on or at the Subsequently Occupied Space as of the Bank Closing Date, (B) accept an assignment or a sublease of the leases or negotiate new leases for all Furniture and Equipment leased by the Failed Bank and located on or at the Subsequently Occupied Space, and (C) if applicable, accept an assignment or a sublease of any ground lease or negotiate a new ground lease with respect to any land on which the Subsequently Occupied Space is located; provided that the Receiver has not previously disposed of that Furniture and Equipment or Specialty Assets or repudiated the leases referred to in clause (B) or clause (C).

(g) Surrendering Bank Premises.

(i) If the Assuming Institution elects not to purchase any owned Bank Premises, the notice of that election in accordance with Section 4.6(a) must specify the Bank Premises Surrender Date. The Assuming Institution will be responsible for promptly relinquishing and releasing to the Receiver that Bank Premises, the Furniture and Equipment, and the Specialty Assets located there on the Bank Closing Date, in the same condition as on the Bank Closing Date, normal wear and tear excepted. Any of the

aforementioned that is missing will be charged to the Assuming Institution at the item's purchase price specified on Schedule 3.2. By remaining in any Bank Premises more than 150 days after the Bank Closing Date, the Assuming Institution will be required to, at the Receiver's option, (x) purchase that Bank Premises and assume all leases, obligations, and liabilities with respect to leased Furniture and Equipment located thereon and any ground lease with respect to the land on which that Bank Premises is located, and (y) purchase all Furniture and Equipment owned by the Failed Bank and located on or at the Bank Premises as of the Bank Closing Date at the purchase price specified on Schedule 3.2.

(ii) If the Assuming Institution elects not to accept an assignment of the lease or sublease of any leased Bank Premises, the notice of that election in accordance with Section 4.6(b) must specify the Bank Premises Surrender Date. The Assuming Institution will promptly relinquish and release to the Receiver that Bank Premises, the Furniture and Equipment, and the Specialty Assets located thereon on the Bank Closing Date, in the same condition as on the Bank Closing Date, normal wear and tear excepted. Any of the aforementioned that is missing will be charged to the Assuming Institution at the item's purchase price specified on Schedule 3.2. By failing to provide notice of its intention to surrender that Bank Premises prior to the expiration of the option period specified in Section 4.6(b), or by remaining in any Bank Premises more than 150 days after the Bank Closing Date, the Assuming Institution will be required to, at the Receiver's option, (x) assume all leases, obligations, and liabilities with respect to that Bank Premises (including any ground lease with respect to the land on which that Bank Premises is located), leased Furniture and Equipment located thereon, in accordance with this Section 4.6 (unless the Receiver previously repudiated that lease), and (y) purchase all Furniture and Equipment owned by the Failed Bank and located on or at the Bank Premises as of the Bank Closing Date at the purchase price specified on Schedule 3.2.

(h) Furniture and Equipment. The Receiver grants to the Assuming Institution an option to purchase all Furniture and Equipment owned by the Failed Bank and located at any leased or owned Bank Premises at the item's purchase price specified on Schedule 3.2 (i) that the Assuming Institution does not elect to purchase pursuant to Section 4.6(a), or (ii) for which Assuming Institution does not elect to take assignment of its lease pursuant to Section 4.6(b); provided that, the Assuming Institution will give the Receiver notice of its election to purchase that Furniture and Equipment at the time it gives notice of its intention to surrender that Bank Premises.

(i) Option to Put Bank Premises and Furniture and Equipment.

(i) For a period of ninety (90) days following the Bank Closing Date, the Assuming Institution is entitled to require the Receiver to purchase any Bank Premises that is owned, directly or indirectly, by an Acquired Subsidiary, and the Receiver will pay the Market Value of the Bank Premises as its purchase price.

(ii) If the Assuming Institution elects to require the Receiver to purchase any Bank Premises that is owned, directly or indirectly, by an Acquired Subsidiary, the Assuming Institution will also have the option, exercisable within the same ninety (90) day time period, to require the Receiver to purchase any Furniture and Equipment, and any Specialty Assets that are owned, directly or indirectly, by an Acquired Subsidiary and are

located on or at that Bank Premises and were used by the Failed Bank for banking purposes. The purchase price paid by the Receiver will be the purchase price specified on Schedule 3.2.

(iii) If the Assuming Institution elects to exercise its options under this Section 4.6(i), the Assuming Institution will pay the Receiver those occupancy costs described in Section 4.6(e) and will surrender the Bank Premises in accordance with Section 4.6(g)(i).

(iv) Regardless of whether the Assuming Institution exercises any of its options under this Section 4.6(i), the purchase price for the Acquired Subsidiary will be adjusted by the difference between (A) the Market Value of the Bank Premises (other than automated teller machines) and (B) their respective Book Value as reflected on the books and records of the Acquired Subsidiary. That adjustment will be made in accordance with Article VIII of this Agreement.

(j) Option to Purchase Specialty Assets. Except as otherwise provided in Section 4.6(f), the Receiver grants to the Assuming Institution an exclusive option for a period of thirty (30) days commencing the day after the Receiver provides the Assuming Institution the appropriate appraisal to purchase at Fair Market Value all, some, or none of the Specialty Assets.

(k) Data Removal. The Assuming Institution will, prior to returning any automated teller machine to Receiver and unless otherwise requested by the Receiver, (i) remove all data from that automated teller machine and (ii) provide a written statement to the Receiver that all data have been removed in a manner that renders it unrecoverable.

4.7. Agreement with Respect to Leased Data Management Equipment.

(a) Option. The Receiver grants to the Assuming Institution an exclusive option for the period of ninety (90) days commencing the day after Bank Closing Date to accept an assignment from the Receiver of all Leased Data Management Equipment.

(b) Notices Regarding Leased Data Management Equipment. The Assuming Institution will (i) give written notice to the Receiver within the option period specified in Section 4.7(a) of its election to accept or decline an assignment or sublease of all Leased Data Management Equipment and promptly accept an assignment or sublease of that Leased Data Management Equipment, and (ii) give written notice to the appropriate lessor(s) that it has accepted an assignment or sublease of the Leased Data Management Equipment that is subject to a lease.

(c) Facilitation by Receiver. The Receiver will facilitate the assignment or sublease of Leased Data Management Equipment, or the negotiation of new leases or license agreements by the Assuming Institution; provided, that neither the Receiver nor the Corporation is required to engage in litigation, make payments to the Assuming Institution or to any third party in connection with facilitating any assumption, assignment, sublease, or negotiation, or commit to any other obligations to third parties.

(d) Operating Costs. The Assuming Institution will pay the Receiver or appropriate third parties at the direction of the Receiver all operating costs with respect to Leased Data Management Equipment and comply with all relevant terms of any existing Leased Data

Management Equipment leases entered into by the Failed Bank, including the timely payment of all rent, taxes, fees, charges, maintenance, utilities, insurance, and assessments, beginning on the Bank Closing Date and ending on the date that is thirty (30) days after the Assuming Institution has given notice to the Receiver of its election not to assume that lease.

(e) **Assuming Institution's Obligation.** The Assuming Institution will, no later than fifty (50) days after giving the notice provided in Section 4.7(b), (i) relinquish and release to the Receiver or, at the direction of the Receiver, to a third party, all Leased Data Management Equipment, in the same condition as at Bank Closing Date, normal wear and tear excepted, or (ii) accept an assignment or a sublease of any existing Leased Data Management lease or negotiate a new lease or license agreement under this Section 4.7 with respect to Leased Data Management Equipment.

(f) **Data Removal.** The Assuming Institution will, prior to returning any Leased Data Management Equipment, and unless otherwise requested by the Receiver, (i) remove all data from the Leased Data Management Equipment and (ii) provide a written statement to the Receiver that all data have been removed in a manner that renders it unrecoverable.

4.8. Certain Existing Agreements.

(a) **Assumption of Agreements.** Except as provided in Section 4.8(b) or Section 4.8(c), with respect to agreements existing as of the Bank Closing Date that provide for the rendering of services by or to the Failed Bank, within ninety (90) days after the Bank Closing Date, the Assuming Institution will give the Receiver (i) written notice specifying each agreement it elects not to assume and (ii) a copy of each agreement (including all amendments and other modifications, exhibits, schedules, and other attachments) it elects not to assume. The Assuming Institution will assume all agreements for which it does not give timely notification of its election not to assume. Except as otherwise provided in Section 4.6(e), the Assuming Institution will comply with the terms of each agreement for a period commencing on the day after the Bank Closing Date and ending on: (i) if an agreement provides for the rendering of services by the Failed Bank, the date that is ninety (90) days after the Bank Closing Date, and (ii) if an agreement provides for the rendering of services to the Failed Bank, the date that is thirty (30) days after the Assuming Institution has given notice to the Receiver of its election not to assume that agreement. The Receiver will assign, transfer, convey, and deliver to the Assuming Institution all right, title, and interest of the Receiver, if any, in and to agreements the Assuming Institution assumes under this Section 4.8(a). The Assuming Institution will, during the period it has the use or benefit of an agreement, promptly pay to the Receiver or to appropriate third parties at the direction of the Receiver all related operating costs and comply with all relevant terms of that agreement.

(b) **Excluded Agreements.** The provisions of Section 4.8(a) regarding the Assuming Institution's election not to assume certain agreements do not apply to:

(i) any agreement related to Bank Premises described in Section 4.6(e)(iii);

(ii) any agreement between the Failed Bank and MERSCORP, Inc., or its wholly owned subsidiary, Mortgage Electronic Registration Systems, Inc.;

- (iii) any insurance policy or bond referred to in Section 3.5(a);
- (iv) any other agreement specified in Section 3.5;
- (v) any consulting, management, or employment agreement between the Failed Bank and its employees or other Persons, except for the Employee Retention Agreement in Exhibit 4.8(c); or
- (vi) any agreement related to cryptocurrency or digital assets.

The Assuming Institution does not assume any liabilities or acquire any rights under any of the agreements described in this Section 4.8(b).

(c) **Assumed Agreements.** The provisions of Section 4.8(a) regarding the Assuming Institution's election not to assume certain agreements do not apply to:

- (i) any agreement that is subject to Sections 4.1 through 4.7;
- (ii) any agreement (A) pursuant to which the Failed Bank provides loan servicing for others or loan servicing is provided to the Failed Bank by others and (B) for which the Assuming Institution assumes any liability, duty, or obligation under Section 2.1(m);
- (iii) any lease under which the Failed Bank is the lessor of Bank Premises that is an Acquired Asset or any Other Real Estate that is an Acquired Asset; or
- (iv) the transferred Employee Retention Agreement, which is hereby assumed by the Assuming Institution; provided that the aggregate liability of the Employee Retention Agreement shall not exceed \$50,830,000.00; or
- (v) any Transferred QFC.

4.9. Informational Tax Reporting. The Assuming Institution will perform all obligations of the Failed Bank (and, for the term of the Interim Asset Servicing Arrangement attached as Exhibit 4.13, all obligations of the Receiver) with respect to federal and state income tax informational reporting related to (i) the Acquired Assets and the Liabilities Assumed, (ii) deposit accounts that were closed and loans that were paid off or related collateral obtained prior to the Bank Closing Date, (iii) miscellaneous payments made to vendors of the Failed Bank, and (iv) any other asset or liability of the Failed Bank, including loans not purchased by the Assuming Institution and Deposits not assumed by the Assuming Institution, as may be required by the Receiver.

4.10. Insurance.

(a) **Assuming Institution to Insure.** The Assuming Institution will obtain and maintain insurance coverage acceptable to the Receiver (including public liability, fire, and extended coverage insurance) naming the Assuming Institution as the insured and the Receiver as additional insured, effective from and after the Bank Closing Date, with respect to all (i) Bank Premises, and (ii) Furniture and Equipment, Specialty Assets, and Leased Data Management Equipment located on or at those Bank Premises. The Assuming Institution's obligation to insure

and to maintain the Receiver as an additional insured on Bank Premises insurance coverage will cease upon either: (x) Bank Premises Surrender Date or (y) the date the Assuming Institution receives a deed from the Receiver for owned Bank Premises or assumes the lease for leased Bank Premises.

(b) Rights of Receiver. If the Assuming Institution at any time from or after the Bank Closing Date fails to (i) obtain or maintain any of the insurance policies required by Section 4.10(a), (ii) pay any premium in whole or in part related to those insurance policies, or (iii) provide evidence of those insurance policies acceptable to the Receiver, then the Receiver may in its sole and absolute discretion, without notice, and without waiving or releasing any obligation or liability of the Assuming Institution, obtain and maintain insurance policies, pay insurance premiums, and take any other actions with respect to the insurance coverage as the Receiver deem advisable. The Assuming Institution will reimburse the Receiver for all sums disbursed in connection with this Section 4.10(b).

4.11. Office Space for Receiver and Corporation; Certain Payments.

(a) FDIC Office Space. For the period commencing on the day following the Bank Closing Date and ending on the one hundred fiftieth (150th) day following the Bank Closing Date, the Assuming Institution will provide to the Receiver and the Corporation, without charge, FDIC Office Space.

(b) Receiver's Right to Extend. Upon written notice by the Receiver or the Corporation, for the period commencing on the one hundred fifty-first (151st) day following the Bank Closing Date and ending no later than the three hundred and sixty-fifth (365th) day following the Bank Closing Date, the Assuming Institution will continue to provide to the Receiver and the Corporation FDIC Office Space. During the period from the 151st day following the Bank Closing Date until the day the FDIC and the Corporation vacate FDIC Office Space, the Receiver and the Corporation will pay to the Assuming Institution their respective pro rata share (based on square footage occupied) of (A) the market rental rate as determined by the Receiver for the FDIC Office Space if located at owned Bank Premises, or (B) the actual rent paid for the FDIC Office Space if located at leased Bank Premises or other location.

(c) Receiver's Relocation Right. If the Receiver or the Corporation determines that the space provided by the Assuming Institution is inadequate or unsuitable, the Receiver and the Corporation may relocate to other quarters having adequate and suitable FDIC Office Space, and the Assuming Institution will pay all costs of relocation. Any rental and utility costs will be paid in accordance with Sections 4.11(a) or 4.11(b), as applicable.

(d) Expenditures. The Assuming Institution will pay those bills and invoices on behalf of the Receiver and the Corporation as the Receiver or the Corporation directs for the period beginning on the date of the Bank Closing Date and ending on Settlement Date. The Assuming Institution will submit its requests for reimbursement of those expenditures pursuant to Article VIII of this Agreement.

4.12. Continuation of Group Health Plan Coverage for Former Employees of the Failed Bank.

(a) **Continuation Coverage.** The Assuming Institution will assist the Receiver in offering individuals who were employees or former employees of the Failed Bank, or any of its Subsidiaries, and who, immediately prior to the Bank Closing Date, were receiving, or were eligible to receive, health insurance coverage or health insurance continuation coverage from the Failed Bank (“**Eligible Individuals**”), the opportunity to obtain health insurance coverage in the Corporation’s Federal Insurance Administration Continuation Coverage Plan that provides for health insurance continuation coverage to those Eligible Individuals and other persons who are qualified beneficiaries of the Failed Bank (“**Qualified Beneficiaries**”) as defined in the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) § 607, 29 U.S.C. § 1167. The Assuming Institution will consult with the Receiver and no later than five (5) Business Days after the Bank Closing Date will provide written notice to the Receiver of the number (if available), identity (if available), and addresses (if available) of the Eligible Individuals who are Qualified Beneficiaries of the Failed Bank and for whom a “qualifying event” (as defined in ERISA § 603, 29 U.S.C. § 1163) has occurred and with respect to whom the Failed Bank’s obligations under Part 6 of Subtitle B of Title I of ERISA, 29 U.S.C. §§ 1161-1169 have not been satisfied in full, and any other information as the Receiver may reasonably require. The Receiver will cooperate with the Assuming Institution in order to permit the Assuming Institution to prepare the notice and will provide to the Assuming Institution the data in its possession as may be reasonably required for purposes of preparing the notice.

(b) **Qualified Beneficiaries: Expenses.** The Assuming Institution will take any further action to assist the Receiver in offering the Eligible Individuals who are Qualified Beneficiaries of the Failed Bank the opportunity to obtain health insurance coverage in the Corporation’s Federal Insurance Administration Continuation Coverage Plan as the Receiver directs. The Assuming Institution will pay all expenses incurred (i) in connection with the obligations of the Assuming Institution under this Section 4.12 and (ii) in providing health insurance continuation coverage to any Eligible Individuals hired by the Assuming Institution and those employees’ Qualified Beneficiaries.

(c) **Failed Bank Employees.** Unless otherwise agreed by the Receiver and the Assuming Institution, the Assuming Institution is responsible for all salaries and payroll costs, including benefits, for all Failed Bank employees from the Bank Closing Date until the Assuming Institution makes a final determination as to whether the Assuming Institution will retain that employee. The Assuming Institution will offer to the Failed Bank employees it retains employment benefits comparable to those that the Assuming Institution offers its current employees. If the Receiver uses the services of any Failed Bank employee, the Receiver will reimburse the Assuming Institution for that cost through the settlement process described in Article VIII.

(d) **No Third Party Beneficiaries.** This Section 4.12 is for the sole and exclusive benefit of the parties to this Agreement and for the benefit of no other Person (including any former employee of the Failed Bank or any Failed Bank Subsidiary, any Eligible Individual, or any Qualified Beneficiary of that former employee). Nothing in this Section 4.12 gives, or will be construed to give, any Person (including any former employee of the Failed Bank or any Failed Bank Subsidiary, any Eligible Individual, or any Qualified Beneficiary of that former employee)

other than the Corporation, the Receiver, and the Assuming Institution, any legal or equitable right, remedy, or claim under or with respect to the provisions of this Section 4.12.

4.13. Interim Asset Servicing. At any time after the Bank Closing Date, the Receiver may establish on its books one or more asset pools and may transfer into those asset pools (by means of accounting entries on the books of the Receiver) all or any assets and liabilities of the Failed Bank that are not acquired by the Assuming Institution, including wholly unfunded Commitments, and assets and liabilities that may be acquired, funded, or originated by the Receiver subsequent to the Bank Closing Date. The Receiver may remove assets (and liabilities) from or add assets (and liabilities) to those pools at any time in its discretion. At the option of the Receiver, the Assuming Institution will service, administer, and collect those pool assets in accordance with, and for the term set forth in, Exhibit 4.13.

4.14. Loss Sharing.

The parties to this Agreement are not parties to any Shared-Loss Agreement.

ARTICLE V. DUTIES WITH RESPECT TO DEPOSITORS OF THE FAILED BANK.

5.1. Payment of Checks, Drafts, Orders and Deposits. Subject to Section 9.5, the Assuming Institution will pay all properly drawn checks, drafts, withdrawal orders, and Assumed Deposits of depositors of the Failed Bank presented for payment, whether drawn on the check or draft forms provided by the Failed Bank or by the Assuming Institution, to the extent that the Deposit balances to the credit of the respective makers or drawers assumed by the Assuming Institution under this Agreement are sufficient to permit the payment thereof, and in all other respects to discharge, in the usual course of conducting a banking business, the duties and obligations of the Failed Bank with respect to the Deposit balances due and owing to the depositors of the Failed Bank assumed by the Assuming Institution under this Agreement.

5.2. Certain Agreements Related to Deposits. Except as may be modified pursuant to Section 2.3, the Assuming Institution will honor the terms and conditions of any written escrow or loan servicing agreement or other similar agreement relating to a Deposit liability assumed by the Assuming Institution pursuant to this Agreement.

5.3. Notice to Depositors.

(a) **Assumption of Deposits.** Within seven (7) days after the Bank Closing Date, the Assuming Institution will give notice by mail to each depositor of the Failed Bank of (i) the assumption of the Deposit liabilities of the Failed Bank, and (ii) the procedures to claim Deposits (the Receiver will provide item (ii) to Assuming Institution). The Assuming Institution will also publish notice of its assumption of the Deposit liabilities of the Failed Bank in a newspaper of general circulation in the county or counties in which the Failed Bank was located.

(b) **Notice to Depositors.** Within seven (7) days after the Bank Closing Date, the Assuming Institution will give notices by mail to each depositor of the Failed Bank, as required under Section 2.3.

(c) Fee Schedule. If the Assuming Institution proposes to charge fees different from those fees formerly charged by the Failed Bank, the Assuming Institution will include its fee schedule in its mailed notice.

(d) Approval of Notices and Publications. The Assuming Institution will obtain approval of all notices and publications required by this Section 5.3 from counsel for the Receiver prior to mailing or publication.

(e) Validation. To validate the notice requirements outlined in Section 5.3, the Assuming Institution will provide the Receiver (i) an Affidavit of Publication attesting that it complied with the publication requirements outlined in Section 5.3, and (ii) an Affidavit of Mailing (in a form similar to Exhibit 2.3B) attesting that it mailed the notice to depositors as required by Section 5.3.

ARTICLE VI. FAILED BANK RECORDS.

6.1. Ownership of Failed Bank Records. In accordance with Sections 2.1 and 3.1, the Receiver conveys to the Assuming Institution, wherever located, any and all Failed Bank Records, other than the following:

(a) Failed Bank Records pertaining to (i) former employees of the Failed Bank who were no longer employed by the Failed Bank as of the Bank Closing Date, and (ii) employees of the Failed Bank who were employed by the Failed Bank as of the Bank Closing Date and for whom the Receiver is unable to obtain a waiver to release those Failed Bank Records to the Assuming Institution;

(b) Failed Bank Records pertaining to any asset or liability of the Failed Bank retained, acquired, or assumed by the Receiver pursuant to this Agreement; and

(c) any other Failed Bank Records as determined by the Receiver.

6.2. [Reserved.]

6.3. Custody of Failed Bank Records.

(a) Assuming Institution Failed Bank Records Retention. The Assuming Institution will preserve and maintain, at its sole expense, for the joint benefit of the Receiver, the Signature Receiver, the Corporation, and the Assuming Institution, all Failed Bank Records, regardless of whether the ownership of the Failed Bank Records was conveyed to the Assuming Institution under Section 6.1 or retained by the Receiver under Sections 6.1(a) through (c), except those Failed Bank Records that either of the Receiver or the Signature Receiver, in its sole and absolute discretion, takes possession of or removes from Bank Premises. The Assuming Institution has the primary responsibility to respond to subpoenas, discovery requests, and other similar official inquiries and customer requests for lien releases with respect to the Failed Bank Records of which it has custody. If the Assuming Institution receives a subpoena addressed to the Assuming Institution seeking any Failed Bank Records of which it has custody, but are Failed Bank Records retained by the Receiver or the Signature Receiver, the Assuming Institution will promptly provide the Receiver with a copy of that subpoena by delivering it as provided in Section 13.6(b). With respect to its obligations under this Section 6.3 regarding Electronically Stored Information, the

Assuming Institution will complete the Data Retention Catalog attached to this Agreement as Schedule 6.3 and submit it to the Receiver within thirty (30) days after the Bank Closing Date. With respect to Electronically Stored Information, the Assuming Institution will maintain those Failed Bank Records in an easily accessible and useable format. If those Failed Bank Records are maintained by a third party vendor, the Assuming Institution is responsible for ensuring that the third party complies with this Article VI.

(b) Destruction of Certain Failed Bank Records. With regard to all Failed Bank Records of which the Assuming Institution has custody that are at least ten (10) years old as of the date of the appointment of the Receiver, the Assuming Institution will request written permission to destroy those Failed Bank Records by submitting a written request to destroy, specifying precisely which Failed Bank Records are included in the request, as indicated in Section 13.6(b) for those requests.

(c) Destruction of Failed Bank Records after Six Years. With regard to all Failed Bank Records of which the Assuming Institution has custody that have been maintained in its custody after six (6) years from the date of the appointment of the Receiver, the Assuming Institution will request written permission to destroy those Failed Bank Records by submitting a written request to destroy, specifying precisely which Failed Bank Records are included in the request, as indicated in Section 13.6(b) for those requests.

6.4. Access to Failed Bank Records; Copies. The Assuming Institution will permit the Receiver, the Signature Receiver, and the Corporation access to all Failed Bank Records of which the Assuming Institution has custody, and to use, inspect, make extracts from, or request copies of those Failed Bank Records in the manner and to the extent requested, and to duplicate, in the discretion of the Receiver, the Signature Receiver, or the Corporation, any Failed Bank Record; provided, that if the Failed Bank maintained one or more duplicate copies of those Failed Bank Records, the Assuming Institution assigns, transfers, and conveys to the Corporation one duplicate copy of those Failed Bank Records without cost to the Corporation, and will deliver to the Corporation all Failed Bank Records assigned and transferred to the Corporation under this Article VI as soon as practicable on or after the date of this Agreement. The party requesting a copy of any Failed Bank Record will bear the cost (based on standard accepted industry charges to the extent applicable, as determined by the Receiver) for providing that duplicate Failed Bank Record. The Assuming Institution will provide a copy of each Failed Bank Record upon the request of the Receiver or the Signature Receiver. If the Receiver, the Signature Receiver, or Corporation is seeking access to a Failed Bank Record from the Assuming Institution, the Receiver, Signature Reciever or Corporation need not provide a subpoena to obtain access to the Failed Bank Records in the Assuming Institution's custody. The Signature Receiver is an express third party beneficiary for purposes of enforcing its rights under this Section 6.4.

6.5. Failed Bank Record Privacy. The Assuming Institution will comply with any law or regulation or any order, writ, or decree of any court or governmental authority applicable to Failed Bank Records.

ARTICLE VII. BID; INITIAL PAYMENT.

The Assuming Institution has submitted to the Receiver a Deposit premium bid of Zero Percent

(0%) and an Acquired Asset discount bid of Two Billion Seven Hundred Twenty Five Million dollars (\$2,725,000,000) (the “**Bid Amount**”). The Deposit premium bid will be applied to the total of all Assumed Deposits except for those Assumed Deposits as reflected on Schedule 7. On the Payment Date, the Assuming Institution will pay to the Corporation, or the Corporation will pay to the Assuming Institution, as the case may be, the Initial Payment, plus interest on that amount (if the Payment Date is not the day following the Bank Closing Date) from and including the day following the Bank Closing Date to and including the day preceding the Payment Date at the Settlement Interest Rate. In addition to the Initial Payment, the Assuming Institution will also deliver to the Receiver on the date hereof an executed Equity Appreciation Instrument in the form attached hereto as Exhibit 7. It is the policy of the FDIC Receiver not to vote common stock of publicly traded banks or a bank holding company held by the FDIC Receiver except for purposes of establishing a quorum for annual or special meetings.

ARTICLE VIII. ADJUSTMENTS; SETTLEMENT PROCESS.

8.1. Pro Forma Statement. The Receiver, as soon as practicable after the Bank Closing Date, in accordance with the best information then available, will provide to the Assuming Institution a Pro Forma Statement reflecting any adjustments of those liabilities and assets as may be necessary so that the Pro Forma Statement is consistent with the requirements of this Agreement. That Pro Forma Statement will take into account, to the extent possible, among other items, (a) liabilities and assets of a nature similar to those contemplated by Section 2.1 or Section 3.1, respectively, that on the Bank Closing Date were carried in the Failed Bank’s suspense accounts, (b) accruals as of the Bank Closing Date for all income related to the Acquired Assets and business of the Failed Bank acquired by the Assuming Institution, whether or not those accruals were reflected on the Failed Bank Records in the normal course of its operations, and (c) adjustments to determine the Book Value of any investment in an Acquired Subsidiary and related accounts on the “bank only” (unconsolidated) balance sheet of the Failed Bank based on the Equity Method of Accounting, whether or not the Failed Bank used the Equity Method of Accounting for investments in subsidiaries, except that the resulting amount cannot be less than the Acquired Subsidiary’s recorded equity as of the Bank Closing Date as reflected on the Failed Bank Records of the Acquired Subsidiary. Acquired Subsidiaries with negative equity will be restated to \$1 pursuant to the Equity Method of Accounting. Any Acquired Asset purchased by the Assuming Institution or any asset of an Acquired Subsidiary purchased by the Assuming Institution pursuant to Section 3.1 that was partially or wholly charged off during the period beginning the day after the Bid Valuation Date and ending on the Bank Closing Date will be deemed not to be charged off for the purposes of the Pro Forma Statement, and the purchase price will be determined pursuant to Section 3.2. In accordance with Section 3.2(c), in preparing the Pro Forma Statement each Qualified Financial Contract will be included at QFC Contract Value (positive or negative) and, if a Qualified Financial Contract is a liability, no further liability amount will be included for purposes of preparing the Pro Forma Statement.

8.2. Correction of Errors and Omissions; Adjustments for Certain Liabilities.

(a) **Adjustments to Correct Errors.** If any bookkeeping omissions or errors are discovered in preparing the Pro Forma Statement or in completing the transfers and assumptions contemplated by this Agreement, the parties to this Agreement will correct those

errors and omissions, and, as far as practicable, all adjustments will be made consistent with the judgments, methods, policies, or accounting principles used by the Failed Bank in preparing and maintaining Failed Bank Records, except that adjustments made pursuant to this Section 8.2(a) are not intended to bring the Failed Bank Records into accordance with generally accepted accounting principles.

(b) Adjustments for Certain Liabilities.

(i) If the Receiver discovers at any time subsequent to the date of this Agreement that any claim exists against the Failed Bank that is of such a nature that it would have been included in the liabilities assumed under Article II had the existence of that claim or the facts giving rise to that claim been known as of the Bank Closing Date, the Receiver may, in its discretion, at any time, require that claim be assumed by the Assuming Institution in a manner consistent with the intent of this Agreement. The Receiver will make appropriate adjustments to the Pro Forma Statement provided by the Receiver to the Assuming Institution pursuant to Section 8.1 as may be necessary.

(ii) If the Assuming Institution returns all or a portion of any Deposit to the Receiver or the Corporation at the direction of the Receiver or the Corporation pursuant to Section 9.5, the Receiver will make appropriate adjustments pursuant to Article VIII for the portion of the Bid Amount applicable to that returned Deposit and any related Deposit premium.

(c) Other Adjustments. If the Failed Bank transferred, after the Bid Valuation Date, an asset to a Subsidiary that is not an Acquired Subsidiary and the Assuming Institution would have purchased that asset under Section 3.1 but for that transfer, the Receiver will make an adjustment to the Initial Payment (or subsequent payments) in an amount equal to (i) the Book Value of that transferred asset divided by (ii) the Book Value of all Acquired Assets plus the Book Value of that transferred asset plus the Book Value of other similarly transferred assets, then multiplied by (iii) the Acquired Asset premium (discount) bid set forth in Article VII. This adjustment will be as a credit to the Assuming Institution in the case of an Acquired Asset premium bid and a credit to the Receiver in the case of an Acquired Asset discount bid. For purposes of this Section 8.2(c), Book Value means, solely with respect to the applicable asset transferred to a Subsidiary that is not an Acquired Subsidiary, that value stated on the Failed Bank Records as of the Bid Valuation Date.

8.3. Payments. Either the Receiver will cause to be paid to the Assuming Institution or the Assuming Institution will pay to the Receiver, as the case may be, on the Settlement Date, a payment in an amount that reflects net adjustments (including any costs, expenses, and fees associated with determinations of value as provided in this Agreement) made pursuant to Section 8.1 or Section 8.2, plus interest as provided in Section 8.4. The Receiver and the Assuming Institution will effect on the Settlement Date any further transfer of assets to or assumption of liabilities or claims by the Assuming Institution as may be necessary in accordance with Section 8.1 or Section 8.2.

8.4. Interest. Any amounts paid under Section 8.3 or Section 8.5 will bear interest for the period from and including the day following the Bank Closing Date to and including the day preceding the payment at the Settlement Interest Rate.

8.5. Subsequent Adjustments. If the Assuming Institution or the Receiver discovers any errors or omissions as contemplated by Section 8.2 or any error with respect to the payment made under Section 8.3 after the Settlement Date, the Assuming Institution and the Receiver will promptly correct those errors or omissions, make any payments, and effect any transfers or assumptions as may be necessary to reflect any correction plus interest as provided in Section 8.4.

ARTICLE IX. CONTINUING COOPERATION.

9.1. General Matters. The parties to this Agreement will, in good faith and with their best efforts, cooperate with each other to carry out the transactions contemplated by this Agreement and to effect the purposes of this Agreement.

9.2. Additional Title Documents.

(a) **Mutual Cooperation.** The Receiver, the Corporation, and the Assuming Institution each will, at any time and from time to time, upon the request of any party to this Agreement, execute and deliver any additional instruments and documents of conveyance reasonably necessary to vest in the appropriate party its full legal or equitable title in and to the property conveyed pursuant to this Agreement or to be conveyed in accordance with this Agreement. The Assuming Institution will prepare those instruments and documents of conveyance (in form and substance satisfactory to the Receiver) necessary to vest title to the Acquired Assets in the Assuming Institution. The Assuming Institution will prepare and record those instruments and documents of conveyance at its own expense.

(b) **Timely Preparation and Recordation of Vesting Instruments and Deeds.** Within thirty (30) days of either (i) the Bank Closing Date or (ii) the date the Assuming Institution exercises any option to acquire any Bank Premises or Other Real Estate, whichever is applicable under this Agreement, the Assuming Institution will prepare and deliver to the Receiver for Receiver's execution all necessary conveyance instruments and documents. No later than thirty (30) days after Assuming Institution's receipt of any executed conveyance instrument or document from the Receiver, the Assuming Institution will file it with the appropriate recording agencies and provide the Receiver with a copy of the document containing the recording information. If the Assuming Institution does not timely deliver to the Receiver executable conveyance instruments or documents and a copy of the recorded document with the recording information as contemplated by this Section for each Bank Premises and Other Real Estate to be acquired by the Assuming Institution, the Receiver may elect to prepare, execute, and file any conveyance instruments or documents, and the Assuming Institution will promptly reimburse the Receiver \$1,000 for each conveyance instrument or document deemed desirable or necessary, in the Receiver's sole discretion, to vest legal title in the Assuming Institution, plus all costs incurred by the Receiver to do so, including outside counsel fees, title searches and reports, filing fees and taxes, transfer fees, and document stamps.

9.3. Claims and Suits.

(a) **Defense and Settlement.** The Receiver is entitled, in its discretion, to (i) defend or settle any claim or suit against the Assuming Institution with respect to which the Receiver has indemnified the Assuming Institution in the same manner and to the same extent as provided in Article XII, and (ii) defend or settle any claim or suit against the Assuming Institution

with respect to any Liability Assumed, which claim or suit may result in a loss to the Receiver arising out of or related to this Agreement, or that existed against the Failed Bank on or before the Bank Closing Date. The exercise by the Receiver of any rights under this Section 9.3(a) will not release the Assuming Institution with respect to any of its obligations under this Agreement.

(b) **Removal of Actions.** If any Person institutes an action at law or in equity against the Receiver and the Corporation as codefendants with respect to any asset or (to the extent not included as an asset) Qualified Financial Contract or its QFC Related Item of the Failed Bank retained or acquired pursuant to this Agreement by the Receiver, the Receiver will, at the request of the Corporation, join with the Corporation in a petition to remove the action to the United States District Court for the proper district. The Receiver will institute, with or without joinder of the Corporation as co-plaintiff, any action with respect to any retained or acquired asset, or Qualified Financial Contract or its QFC Related Item, or any matter connected with either of the foregoing when the Corporation directs the Receiver to institute that action.

9.4. Payment of Deposits. If any depositor does not accept the obligation of the Assuming Institution to pay any Deposit liability of the Failed Bank assumed by the Assuming Institution pursuant to this Agreement and asserts a claim against the Receiver for all or any portion of any Deposit liability, the Assuming Institution, upon demand from the Receiver, will provide to the Receiver funds sufficient to pay that claim in an amount not in excess of the Deposit liability reflected on the books of the Assuming Institution at the time that claim is made. Upon payment by the Assuming Institution to the Receiver of that amount, the Assuming Institution will be discharged from any further obligation under this Agreement to pay to that depositor the amount of that Deposit liability paid to the Receiver.

9.5. Withheld Payments. At any time, the Receiver or the Corporation may, in its discretion, determine that all or any portion of any deposit balance assumed by the Assuming Institution pursuant to this Agreement does not constitute a "Deposit" (or otherwise, in its discretion, determine that it is the best interest of the Receiver or Corporation to withhold all or any portion of any deposit), and may direct the Assuming Institution to withhold payment of all or any portion of that deposit balance. Upon that direction, the Assuming Institution will hold that deposit and not to make any payment of that deposit balance to or on behalf of the depositor, or to itself, whether by way of transfer, set-off or otherwise. The Assuming Institution will maintain the "withheld payment" status of that deposit balance until directed in writing by the Receiver or the Corporation as to its disposition. At the direction of the Receiver or the Corporation, the Assuming Institution will return all or any portion of that deposit balance to the Receiver or the Corporation, as appropriate, and thereupon the Assuming Institution will have no further liability to that depositor with respect to that returned deposit balance. If that deposit balance has been paid to the depositor prior to a demand for return by the Corporation or the Receiver, and payment of that deposit balance had not been previously withheld pursuant to this Section 9.5, the Assuming Institution will not be required to return that deposit balance to the Receiver or the Corporation. The Assuming Institution will reimburse the Corporation or the Receiver, as the case may be, for the amount of any deposit balance or portion of any deposit balance paid by the Assuming Institution in contravention of any previous direction to withhold payment of that deposit balance or return that deposit balance the payment of which was withheld pursuant to this Section 9.5.

9.6. Proceedings with Respect to Certain Assets and Liabilities.

(a) Cooperation by Assuming Institution. In connection with any investigation, proceeding, or other matter with respect to any asset or liability of the Failed Bank retained by the Receiver, or any asset or liability of the Failed Bank acquired by the Receiver pursuant to this Agreement, the Assuming Institution will cooperate to the extent reasonably required by the Receiver.

(b) Access to Records. In addition to its obligations under Section 6.4, the Assuming Institution will provide representatives of the Receiver access at reasonable times and locations without other limitation or qualification to (i) its directors, officers, employees, and agents, and those of the Acquired Subsidiaries, and (ii) its books and records, the books and records of those Acquired Subsidiaries and all Credit Files, and copies thereof. The Assuming Institution will promptly provide copies of books, records, and Credit Files as requested by the Receiver, and the Receiver will pay the costs of duplication.

(c) Loan Documents. No later than ten (10) days after the Put Notice pursuant to Section 3.4 or the date of the notice of transfer of any Loan by the Assuming Institution to the Receiver pursuant to Section 3.6, the Assuming Institution will deliver to the Receiver those documents with respect to that Loan as the Receiver may request, including the following: (i) all related Credit Documents (other than certificates, notices and other ancillary documents), (ii) a certificate setting forth the principal amount on the date of the transfer and the amount of interest, fees and other charges then accrued and unpaid thereon, and any restrictions on transfer to which that Loan is subject, and (iii) all Credit Files, and all documents, microfiche, microfilm and computer records (including magnetic tape, disc storage, card forms and printed copy) maintained by, owned by, or in the possession of the Assuming Institution or any Affiliate of the Assuming Institution relating to the transferred Loan.

9.7. Information. The Assuming Institution will promptly provide to the Corporation any other information, including financial statements and computations, relating to the performance of the provisions of this Agreement as the Corporation or the Receiver may request from time to time, and, at the request of the Receiver, make available employees of the Failed Bank employed or retained by the Assuming Institution to assist in preparation of the Pro Forma Statement pursuant to Section 8.1.

9.8. Tax Ruling. The Assuming Institution will not at any time, without the Corporation's prior consent, seek a private letter ruling or other determination from the Internal Revenue Service or otherwise seek to qualify for any special tax treatment or benefits associated with any payments made by the Receiver or Corporation pursuant to this Agreement.

9.9. Limited Power of Attorney. The Receiver may, in its sole discretion, provide the Assuming Institution with a limited power of attorney designating certain employees of the Assuming Institution as the Receiver's attorneys-in-fact for the purposes of (i) executing, on behalf of the Receiver, lien releases required by Section 6.3, and (ii) taking certain actions, on behalf of the Receiver, to vest title to the Acquired Assets in the Assuming Institution as required by Section 9.2. The Assuming Institution will use its best efforts to complete all actions required to vest title to the Acquired Assets in the Assuming Institution as quickly as possible, but no later than the earlier of (a) the second anniversary of the Bank Closing Date or (b) the date the Receiver chooses, in its sole discretion, to terminate the receivership of the Failed Bank.

ARTICLE X. CONDITION PRECEDENT.

This Agreement is not effective until the Corporation has received satisfactory evidence of the following (collectively, the “**Conditions Precedent**”):

- (a) Any necessary approval, waiver, or other action by any governmental authority with respect to this Agreement;
- (b) The approval of the board of directors of the Assuming Institution, or other third party, with respect to this Agreement and the transactions contemplated by this Agreement;
- (c) The closing of the Failed Bank;
- (d) The appointment of the Receiver;
- (e) The chartering of the Assuming Institution;
- (f) The receipt by the Receiver of the final, executed Equity Appreciation Instrument; and
- (g) The execution or completion of any agreements, documents, matters or proceedings contemplated in this Article X.

If the Conditions Precedent have not been satisfied by March 20, 2023, the Corporation may, in its sole discretion, extend the date for satisfaction of the Conditions Precedent for up to an additional fourteen (14) days. In that case, the Corporation may amend, supplement, otherwise modify, or replace this Agreement and any ancillary documents to reflect the appropriate Bank Closing Date, and the Assuming Institution will either execute documents as revised or otherwise affirm any alteration in writing, as may be required by the Corporation.

ARTICLE XI. REPRESENTATIONS AND WARRANTIES OF THE ASSUMING INSTITUTION.

The Assuming Institution represents and warrants to the Corporation and the Receiver as follows:

11.1. Corporate Existence and Authority. The Assuming Institution (a) is duly organized, validly existing, and in good standing under the laws of its chartering authority and has full power and authority to own and operate its properties and to conduct its business as now conducted by it, and (b) has full power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement. The Assuming Institution has taken all necessary corporate (or other applicable governance) action to authorize the execution, delivery, and performance of this Agreement and the performance of the transactions contemplated by this Agreement.

11.2. Third Party Consents. No governmental authority or other third party consents (including approvals, licenses, registrations, or declarations) are required in connection with the execution, delivery, or performance by the Assuming Institution of this Agreement, other than the consents that have been duly obtained and are in full force and effect.

11.3. Execution and Enforceability. This Agreement has been duly executed and delivered by the Assuming Institution and when this Agreement has been duly authorized, executed and delivered by the Corporation and the Receiver, this Agreement will constitute the legal, valid and binding obligation of the Assuming Institution, enforceable in accordance with its terms.

11.4. Compliance with Law.

(a) **No Violations.** Neither the Assuming Institution nor any of its Subsidiaries is in violation of any statute, regulation, order, decision, judgment, or decree of, or any restriction imposed by, the United States of America, any state, municipality, or other political subdivision or any agency of any of the foregoing, or any court or other tribunal having jurisdiction over the Assuming Institution or any of its Subsidiaries or any assets of that Person, or any foreign government or agency thereof having that jurisdiction, with respect to the conduct of the business of the Assuming Institution or of any of its Subsidiaries, or the ownership of the properties of the Assuming Institution or any of its Subsidiaries, that, either individually or in the aggregate with all other violations, would materially and adversely affect the business, operations or condition (financial or otherwise) of the Assuming Institution or the ability of the Assuming Institution to perform, satisfy or observe any obligation or condition under this Agreement.

(b) **No Conflict.** Neither the execution and delivery nor the performance by the Assuming Institution of this Agreement will result in any violation by the Assuming Institution of, or be in conflict with, any provision of any applicable law or regulation, or any order, writ or decree of any court or governmental authority.

11.5. Insured or Guaranteed Loans. If any Loans being transferred pursuant to this Agreement are insured or guaranteed by any department or agency of any federal, state, or local governmental unit, the Assuming Institution represents that the Assuming Institution has been approved by that department or agency, and is an approved lender or mortgagee, as appropriate, if approval is required. The Assuming Institution assumes full responsibility for determining whether or not those insurance or guarantees are in full force and effect on the date of this Agreement, and, with respect to those Loans whose insurance or guaranty is in full force and effect on the date of this Agreement, the Assuming Institution assumes full responsibility for doing all things necessary to insure that insurance or those guarantees remain in full force and effect. The Assuming Institution assumes all of the obligations under the contract(s) of insurance or guaranty and will cooperate with the Receiver whenever necessary to complete forms required by the insuring or guaranteeing department or agency to effect or complete the transfer to the Assuming Institution.

11.6. Representations Remain True. The Assuming Institution represents and warrants that it has executed and delivered to the Corporation a Purchaser Eligibility Certification and Confidentiality Agreement, and that all information provided and representations made by or on behalf of the Assuming Institution in connection with this Agreement and the transactions contemplated by this Agreement, including the Purchaser Eligibility Certification and Confidentiality Agreement (which are affirmed and ratified by this Section 11.6) are and remain true and correct in all material respects and do not fail to state any fact required to make the information contained in them not misleading.

11.7. No Reliance; Independent Advice. The Assuming Institution (i) is not relying on the Receiver or the Corporation for any business, legal, tax, accounting, investment, or other advice in connection with this Agreement and its Exhibits and documents delivered in connection with the foregoing, and (ii) has had adequate opportunity to consult with advisors of its choice in connection with this Agreement.

ARTICLE XII. INDEMNIFICATION.

12.1. Indemnification of Indemnitees. From and after the Bank Closing Date, subject to the limitations set forth in this Section 12.1 and Section 12.6, and subject to compliance by the Indemnitees with Section 12.2, the Receiver will indemnify and hold harmless the Indemnitees against any and all costs, losses, liabilities, expenses (including attorneys' fees) incurred prior to the assumption of defense by the Receiver pursuant to Section 12.2(d), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with claims against any Indemnitee based on liabilities of the Failed Bank that are not assumed by the Assuming Institution pursuant to this Agreement or subsequent to the execution of this Agreement by the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution for which indemnification is provided:

(a) under this Section 12.1, subject to certain exclusions as provided in Section 12.1(b), such indemnification is limited to:

(i) claims based on the rights of any shareholder or former shareholder (as such) of (A) the Failed Bank, or (B) any Subsidiary or Affiliate of the Failed Bank;

(ii) claims based on the rights of any creditor (as such) of the Failed Bank, or any creditor (as such) of any director, officer, employee, or agent of the Failed Bank, with respect to any indebtedness or other obligation of the Failed Bank arising prior to the Bank Closing Date;

(iii) claims based on the rights of any present or former director, officer, employee, or agent (as such) of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank;

(iv) claims based on any action or inaction prior to the Bank Closing Date of the Failed Bank, its directors, officers, employees, or agents (as such), or any Subsidiary or Affiliate of the Failed Bank, or the directors, officers, employees, or agents (as such) of that Subsidiary or Affiliate;

(v) claims based on any malfeasance, misfeasance, or nonfeasance of the Failed Bank, its directors, officers, employees, or agents with respect to the trust business of the Failed Bank, if any;

(vi) claims based on any failure or alleged failure (not in violation of law) by the Assuming Institution to continue to perform any service or activity previously performed by the Failed Bank that the Assuming Institution is not required to perform pursuant to this Agreement or that arise under any contract to which the Failed Bank was a party that the Assuming Institution elected not to assume in accordance with this

Agreement and that neither the Assuming Institution nor any Subsidiary or Affiliate of the Assuming Institution has assumed subsequent to the execution of this Agreement;

(vii) claims arising from any action or inaction of any Indemnitee, including for purposes of this Section 12.1(a)(vii) the former officers or employees of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank that is taken upon the specific written direction of the Corporation or the Receiver, other than any action or inaction taken in a manner constituting bad faith, gross negligence or willful misconduct; and

(viii) claims based on the rights of any depositor of the Failed Bank whose deposit has either been accorded “withheld payment” status or returned to the Receiver or Corporation in accordance with Section 9.5, or, has become an “unclaimed deposit” or has been returned to the Corporation or the Receiver in accordance with Section 2.3;

(b) provided that with respect to this Agreement, except for Section 12.1(a)(vii) and (viii), no indemnification will be provided under this Agreement for any:

(i) judgment or fine against, or any amount paid in settlement (without the written approval of the Receiver) by, any Indemnitee in connection with any action that seeks damages against any Indemnitee (a “Counterclaim”) arising with respect to any Acquired Asset and based on any action or inaction of either the Failed Bank, its directors, officers, employees, or agents (as such) prior to the Bank Closing Date, unless that judgment, fine, or amount paid in settlement exceeds the greater of (A) the Repurchase Price of that Acquired Asset or (B) the monetary recovery sought on that Acquired Asset by the Assuming Institution in the cause of action from which the Counterclaim arises; and in that event the Receiver will provide indemnification only in the amount of that excess; and no indemnification will be provided for any costs or expenses other than any costs or expenses (including attorneys’ fees) that, in the determination of the Receiver, have been actually and reasonably incurred by that Indemnitee in connection with the defense of that Counterclaim; and it is expressly agreed that the Receiver reserves the right to intervene, in its discretion, on its behalf or on behalf of the Receiver, in the defense of that Counterclaim;

(ii) claims with respect to any liability or obligation of the Failed Bank that is (A) expressly assumed by the Assuming Institution pursuant to this Agreement or (B) assumed by the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution subsequent to the execution of this Agreement;

(iii) claims with respect to any liability of the Failed Bank to any present or former employee (as such) of the Failed Bank or of any Subsidiary or Affiliate of the Failed Bank, which liability is (A) expressly assumed by the Assuming Institution pursuant to this Agreement or (B) assumed by the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution subsequent to the execution of this Agreement;

(iv) claims based on the failure of any Indemnitee to seek recovery of damages from the Receiver for any claims based upon any action or inaction of the Failed

Bank, its directors, officers, employees or agents as fiduciary, agent or custodian prior to the Bank Closing Date;

(v) claims based on any violation or alleged violation by any Indemnitee of the antitrust, branching, banking or bank holding company or securities laws of the United States of America or any state thereof;

(vi) claims based on the rights of any present or former creditor, customer, or supplier (as such) of any Indemnitee;

(vii) claims based on the rights of any present or former shareholder (as such) of any Indemnitee;

(viii) claims, if the Receiver determines that the effect of providing indemnification would be to (A) expand or alter the provisions of any warranty or disclaimer thereof provided in Section 3.3 or any other provision of this Agreement, or (B) create any warranty not expressly provided under this Agreement;

(ix) claims that could have been enforced against any Indemnitee had the Assuming Institution not entered into this Agreement;

(x) claims based on any liability for taxes or fees assessed with respect to the consummation of the transactions contemplated by this Agreement, including any subsequent transfer of any Acquired Assets or Liabilities Assumed to any Subsidiary or Affiliate of the Assuming Institution;

(xi) except as expressly provided in this Article XII, claims based on any action or inaction of any Indemnitee, and the Receiver will not provide indemnification for (i) the Failed Bank, (ii) any Subsidiary or Affiliate of the Failed Bank, or (iii) any present or former director, officer, employee, or agent of the Failed Bank or its Subsidiaries or Affiliates unless the Receiver, in its sole and absolute discretion, provides indemnification under this Article XII for any present or former director, officer, employee, or agent of the Failed Bank or its Subsidiaries or Affiliates who is also or becomes a director, officer, employee, or agent of the Assuming Institution or its Subsidiaries or Affiliates;

(xii) claims or actions that constitute a breach by the Assuming Institution of the representations and warranties contained in Article XI;

(xiii) claims arising out of or relating to the condition of or generated by an Acquired Asset arising from or relating to the presence, storage or release of any hazardous or toxic substance, or any pollutant or contaminant, or condition of that Acquired Asset that violate any applicable federal, state or local law or regulation concerning environmental protection; and

(xiv) claims based on, related to, or arising from any asset acquired or liability assumed, other than pursuant to this Agreement.

12.2. Conditions Precedent to Indemnification. It is a condition precedent to the obligation of the Receiver to indemnify any Indemnitee pursuant to this Article XII that the

Indemnitee will, with respect to any claim made or threatened against that Indemnitee for which that Indemnitee is or may be entitled to indemnification under this Article XII:

(a) give written notice to the Supervisory Counsel (Resolution and Receivership Unit) of the Corporation in the manner and at the address provided in Section 13.6 of that claim as soon as practicable after that claim is made or threatened; provided that notice must be given on or before the date that is six (6) years from the date of this Agreement;

(b) provide to the Receiver the information and cooperation with respect to that claim as the Receiver may reasonably require;

(c) cooperate and take all steps, as the Receiver may reasonably require, to preserve and protect any defense to that claim;

(d) if suit is brought with respect to that claim, upon reasonable prior notice, afford to the Receiver the right, that the Receiver may exercise in its sole and absolute discretion, to conduct the investigation, control the defense and effect settlement of that claim, including the right to designate counsel and to control all negotiations, litigation, arbitration, settlements, compromises, and appeals of that claim, all of which will be at the expense of the Receiver; provided that, the Receiver is required to notify the Indemnitee claiming indemnification in writing that the claim is a claim for which that Indemnitee is entitled to indemnification under this Article XII;

(e) not incur any costs or expenses in connection with any response or suit with respect to that claim, unless those costs or expenses were incurred upon the written direction of the Receiver; provided that the Receiver is not required to reimburse the amount of those costs or expenses unless those costs or expenses were incurred upon the written direction of the Receiver;

(f) not release or settle that claim or make any related payment or admission, unless the Receiver consents; provided that the Receiver is not required to reimburse the amount of that settlement or payment unless that settlement or payment was effected upon the written direction of the Receiver; and

(g) take any reasonable action the Receiver requests in writing as necessary to preserve, protect, or enforce the rights of the Indemnitee against any Primary Indemnitor.

12.3. No Additional Warranty. Nothing in this Article XII (a) expands or otherwise alters any warranty or disclaimer thereof provided under Section 3.3 or any other provision of this Agreement with respect to, among other matters, the title, value, collectability, genuineness, enforceability, documentation, condition or freedom from liens or encumbrances, of any (i) Acquired Asset or (ii) asset or (to the extent not included as an asset) Qualified Financial Contract or QFC Related Item of the Failed Bank purchased by the Assuming Institution subsequent to the execution of this Agreement by the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution, or (b) creates any warranty not expressly provided under this Agreement.

12.4. Indemnification of Receiver and Corporation. From and after the Bank Closing Date, the Assuming Institution will indemnify and hold harmless the Corporation and the Receiver

and their respective directors, officers, employees, and agents from and against any and all costs, losses, liabilities, expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with any of the following:

(a) claims based on any and all liabilities or obligations of the Failed Bank assumed by the Assuming Institution pursuant to this Agreement or subsequent to the execution of this Agreement by the Assuming Institution or any Subsidiary or Affiliate of the Assuming Institution, whether or not those liabilities subsequently are sold or transferred, other than any claim based upon any action or inaction of any Indemnitee as provided in Section 12.1(a)(vii) or (viii);

(b) claims based on any act or omission of any Indemnitee (including claims of any Person claiming any right or title by or through the Assuming Institution with respect to Acquired Assets transferred to the Receiver pursuant to Section 3.4 or Section 3.6), other than any action or inaction of any Indemnitee as provided in (vii) or (viii) of Section 12.1(a); and

(c) claims based on any failure of the Assuming Institution to comply with any provision of Article VI.

12.5. Obligations Supplemental. The obligations of the Receiver, and the Corporation as guarantor in accordance with Section 12.7, to provide indemnification under this Article XII are to supplement any amount payable by any Primary Indemnitor to the Indemnitee indemnified under this Article XII. Consistent with that intent, the Receiver will only make payments pursuant to that indemnification to the extent not payable by a Primary Indemnitor. If the aggregate amount of payments by the Receiver, or the Corporation as guarantor in accordance with Section 12.7, and all Primary Indemnitors with respect to any item of indemnification under this Article XII exceeds the amount payable with respect to that item, the Indemnitee being indemnified will notify the Receiver thereof and, upon the request of the Receiver, will promptly reimburse the Receiver, or the Corporation as appropriate, the amount of the Receiver's (or the Corporation's) payments to the extent of that excess.

12.6. Criminal Claims. Notwithstanding any provision of this Article XII to the contrary, if any Indemnitee is or becomes involved in any criminal action, suit, or proceeding, whether judicial, administrative, or investigative, the Receiver is not required to indemnify that Indemnitee for liability with respect to any criminal act or to the extent any costs or expenses are attributable to the defense against the allegation of any criminal act, unless (a) the Indemnitee is successful on the merits or otherwise in the defense against the action, suit, or proceeding, or (b) the action, suit, or proceeding is terminated without the imposition of liability on the Indemnitee.

12.7. Limited Guaranty of the Corporation. The Corporation guarantees performance of the Receiver's obligation to indemnify any Indemnitee as set forth in this Article XII. It is a condition to the Corporation's obligation under this Section 12.7 that each Indemnitee comply in all respects with the applicable provisions of this Article XII. The Corporation is liable under this Section 12.7 only for the amounts, if any, that the Receiver is required to pay under the terms of this Article XII but fails to pay. Except as otherwise provided above in this Section 12.7, nothing in this Article XII is intended or will be construed to create any liability or obligation on the part of the Corporation, the United States of America, or any department or agency thereof under or with respect to this Article XII or any of its provisions. The obligations undertaken by the Receiver

under this Article XII are the sole and exclusive responsibility of the Receiver and no other Person or entity.

12.8. Subrogation. Upon payment by the Receiver, or the Corporation as guarantor in accordance with Section 12.7, to any Indemnitee for any claims indemnified by the Receiver under this Article XII, the Receiver, or the Corporation as appropriate, will become subrogated to all rights of the Indemnitee against any other Person to the extent of that payment.

ARTICLE XIII. MISCELLANEOUS.

13.1. Costs, Fees, and Expenses. Each party is responsible for all fees, costs, and expenses it incurs in connection with this Agreement (including the performance of any obligations or the exercise of any rights under this Agreement) unless expressly otherwise provided; provided that the Assuming Institution will pay all fees, costs, and expenses (other than attorneys' fees incurred by the Receiver) incurred in connection with the transfer to it of any Acquired Assets or Liabilities Assumed under or in accordance with this Agreement. The Assuming Institution is responsible for the payment of MERS routine transaction charges.

13.2. WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, ALL RIGHT TO TRIAL BY JURY IN OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF OR RELATING TO OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

13.3. Consent; Determination or Discretion. When the consent or approval of a party is required under this Agreement, that consent or approval must be obtained in writing and, unless expressly otherwise provided, will not be unreasonably withheld or delayed. When a determination or decision is to be made by a party under this Agreement, that party will make that determination or decision in its reasonable discretion unless expressly otherwise provided.

13.4. Rights Cumulative. Except as expressly otherwise provided in this Agreement, the rights of each of the parties under this Agreement are cumulative, may be exercised as often as that party considers appropriate, and are in addition to that party's rights under this Agreement, any of the agreements related to this Agreement, or under applicable law. Any failure to exercise or any delay in exercising any of those rights, or any partial or defective exercise of those rights, will not operate as a waiver or variation of that or any other right, unless expressly otherwise provided.

13.5. References. References in this Agreement to Recitals, Articles, Sections, Schedules, and Exhibits are to Recitals, Articles, Sections, Schedules, and Exhibits of this Agreement, respectively. References to parties are to the parties to this Agreement. Unless expressly otherwise provided, references to days and months are to calendar days and months respectively. If a notice or other action is due on a day that is not a Business Day, that notice or other action may be delayed until the next-succeeding Business Day. Article and Section headings are for convenient reference and do not affect the meaning of this Agreement. References to the

singular include the plural, as the context may require, and *vice versa*. Any use of any form of the word “including” includes the phrase “but not limited to” or its appropriate variation.

13.6. Notice.

(a) Form of Notices. All notices must be given in writing and provided in accordance with the provisions of this Section 13.6, unless expressly otherwise provided.

(b) Notice to the Receiver or the Corporation. With respect to a notice under this Agreement:

Federal Deposit Insurance Corporation
600 North Pearl Street, Suite 700
Dallas, Texas 75201
Attention: Settlement Agent

In addition, with respect to notices under Section 4.6, a copy to:

BankPremiseNotice@fdic.gov

In addition, with respect to notices under Article XII, a copy to:

Supervisory Counsel (Resolution and Receivership Unit)
600 North Pearl Street, Suite 700
Dallas, Texas 75201

In addition, with respect to communications under Exhibit 4.13, a copy to:

Attention: Interim Servicing Manager,
ggodwin@FDIC.gov

In addition, with respect to communications under Section 6.3(a) regarding any subpoena addressed to the Assuming Institution seeking Failed Bank Records of which it has custody, but are Failed Bank Records retained by the Receiver, a copy of that subpoena to:

Federal Deposit Insurance Corporation
600 North Pearl Street, Suite 700
Dallas, Texas 75201
Attention: Regional Counsel

and

Attention: Supervisory Counsel (Resolution and Receivership Unit)

And with respect to written requests to destroy Failed Bank Records under Sections 6.3 (b) and 6.3(c), a copy to:

DRR -- Customer Service (through the FDIC Portal)
<https://ask.fdic.gov/fdicinformationandsupportcenter/s/>

(c) **Notice to Assuming Institution.** With respect to a notice under this Agreement:

Flagstar Bank, N.A.
102 Duffy Avenue
Hicksville, New York 11801
Attention: Thomas R. Cangemi and John J. Pinto

with a copy to: _____

13.7. Entire Agreement. This Agreement, including the Schedules and Exhibits, embodies the entire agreement of the parties to this Agreement in relation to the subject matter in this Agreement and supersedes all prior understandings or agreements, oral or written, between the parties.

13.8. Counterparts. This Agreement may be executed in any number of counterparts and by the duly authorized representative of a different party to this Agreement on separate counterparts, each of which when so executed will be deemed to be an original and all of which when taken together will constitute one and the same Agreement.

13.9. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE FEDERAL LAW OF THE UNITED STATES OF AMERICA, AND, IN THE ABSENCE OF CONTROLLING FEDERAL LAW, IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE MAIN OFFICE OF THE FAILED BANK IS LOCATED.

13.10. Successors and Assigns.

(a) **Binding on Successors and Assigns; Assignment.** All terms and conditions of this Agreement are binding on the successors and assigns of the Receiver, the Corporation, and the Assuming Institution. The Receiver may assign or otherwise transfer this Agreement and the rights and obligations of the Receiver under this Agreement (in whole or in part) to the Corporation in its corporate capacity without the consent of Assuming Institution. Notwithstanding anything to the contrary contained in this Agreement, the Assuming Institution may not assign or otherwise transfer this Agreement or any of the Assuming Institution's rights or obligations under this Agreement (in whole or in part) without the prior written consent of the Receiver, which consent may be granted or withheld by the Receiver in its sole and absolute discretion.

(b) **No Third Party Beneficiaries.** Nothing expressed or referred to in this Agreement is intended or will be construed to give any Person other than the Receiver, the Corporation, and the Assuming Institution any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provisions contained in this Agreement, it being the intention of the parties hereto that this Agreement, the obligations, and statements of responsibilities under this Agreement, and all other conditions and provisions of this Agreement are for the sole and exclusive benefit of the Receiver, the Corporation, and the Assuming Institution and for the benefit of no other Person.

13.11. Modification. No amendment or other modification, rescission, or release of any part of this Agreement be effective except pursuant to a written agreement signed by the duly authorized representatives of the parties.

13.12. Manner of Payment. All payments due under this Agreement will be in lawful money of the United States of America in immediately available funds as each party may specify to the other parties; provided that if the Receiver or the Corporation is obligated to make any payment under this Agreement in the amount of \$25,000.00 or less, that payment may be made by check.

13.13. Waiver. Each of the Receiver, the Corporation, and the Assuming Institution may waive its respective rights, powers, or privileges under this Agreement; provided that (a) the waiver must be in writing, (b) no failure or delay on the part of the Receiver, the Corporation, or the Assuming Institution to exercise any right, power, or privilege under this Agreement will operate as a waiver, (c) no single or partial exercise of any right, power, or privilege under this Agreement will preclude any other or further exercise thereof or the exercise of any other right, power, or privilege by the Receiver, the Corporation, or the Assuming Institution under this Agreement, and (d) no waiver will operate or be construed as a future waiver of that right, power, or privilege under this Agreement.

13.14. Severability. If any provision of this Agreement is declared invalid or unenforceable, then, to the extent possible, all of the remaining provisions of this Agreement will remain in full force and effect and will be binding upon the parties to this Agreement.

13.15. Term of Agreement. This Agreement will continue in full force and effect until the sixth (6th) anniversary of the Bank Closing Date; provided that (a) the provisions of Section 6.3 and Section 6.4 survive the expiration of the term of this Agreement, and (b) the receivership of the Failed Bank may be terminated prior to the expiration of the term of this Agreement, and, in that event, the guaranty of the Corporation, as provided in and in accordance with the provisions of Section 12.7, will be in effect for the remainder of the term of this Agreement. Expiration of the term of this Agreement will not affect any claim or liability of any party with respect to any (x) amount that is owing at the time of the expiration, regardless of when the amount becomes payable, and (y) breach of this Agreement occurring prior to expiration, regardless of when that breach is discovered.

13.16. Survival of Covenants, Etc. The covenants, representations, and warranties in this Agreement survive the execution of this Agreement and the consummation of the transactions contemplated under this Agreement.

13.17. Right of Receiver or Corporation to Audit. The Receiver or the Corporation, their respective agents, contractors, and employees, may perform an audit to determine the Assuming Institution's compliance with this Agreement at any time, by providing not less than ten (10) Business Days' prior notice. The scope and duration of any audit will be at the discretion of the Receiver or the Corporation, as the case may be. The Receiver or the Corporation, as the case may be, will bear the expense of that audit. If any corrections are necessary due to the audit, the Assuming Institution and the Receiver will make those accounting adjustments, payments, and withholdings as necessary to give retroactive effect to those corrections.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives to be effective as of the date first above written.

**FEDERAL DEPOSIT INSURANCE CORPORATION,
RECEIVER OF SIGNATURE BRIDGE BANK,
NATIONAL ASSOCIATION,
NEW YORK, NEW YORK**

BY: JOHN CONNEELY Digitally signed by JOHN CONNEELY
Date: 2023.03.19 23:42:17 -04'00'

NAME: _____

TITLE: _____

FEDERAL DEPOSIT INSURANCE CORPORATION

BY: JOHN CONNEELY Digitally signed by JOHN CONNEELY
Date: 2023.03.19 23:42:46 -04'00'

NAME: _____

TITLE: _____

FLAGSTAR BANK, NATIONAL ASSOCIATION

BY: _____

NAME: _____

TITLE: _____

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives to be effective as of the date first above written.

**FEDERAL DEPOSIT INSURANCE CORPORATION,
RECEIVER OF SIGNATURE BRIDGE BANK,
NATIONAL ASSOCIATION,
NEW YORK, NEW YORK**

BY: _____

NAME: _____

TITLE: _____

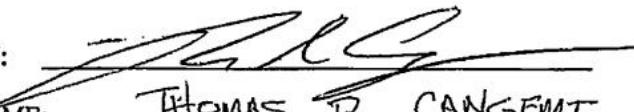
FEDERAL DEPOSIT INSURANCE CORPORATION

BY: _____

NAME: _____

TITLE: _____

FLAGSTAR BANK, NATIONAL ASSOCIATION

BY: 

NAME: THOMAS R. CANGEMI

TITLE: PRESIDENT & CEO

SCHEDULE 2.1(a)

EXCLUDED DEPOSIT LIABILITY ACCOUNTS

Any Deposit that is related to cryptocurrency or a cryptocurrency business.

SCHEDULE 2.2

EXCLUDED CONTRACTS

Any contract in regards to cryptocurrency or digital assets.

SCHEDULE 3.2
PURCHASE PRICE OF ACQUIRED ASSETS

(a)	cash and receivables from depository institutions, including cash items in the process of collection, plus interest thereon:	Book Value
(b)	reserved:	
(c)	federal funds sold and repurchase agreements, if any, including interest thereon:	Book Value
(d)	Loans, other than those in Optional Loan Pools:	Book Value
(e)	reserved:	
(f)	safe deposit business, safekeeping business, and trust business, if any:	Book Value
(g)	Failed Bank Records and other documents:	Book Value
(h)	Other Real Estate:	As set forth on the Bid
(i)	Other Real Estate Subsidiaries:	As set forth on the Bid
(j)	Loans in Optional Loan Pools:	As set forth on the Bid
(k)	all repossessed collateral (other than repossessed securities), such as boats, motor vehicles, aircraft, trailers, and firearms:	Book Value
(l)	capital stock of any Acquired Subsidiaries, FHLB stock, and repossessed securities:	Book Value
(m)	amounts owed to the Failed Bank by any Acquired Subsidiary:	Book Value
(n)	assets securing Deposits of public money, to the extent not otherwise purchased under this Agreement:	Book Value
(o)	overdrafts of customers:	Book Value

- (p) reserved:
- (q) rights of the Failed Bank to have loan servicing provided to the Failed Bank by others and related contracts: Book Value
- (r) Personal Computers and Owned Data Management Equipment: Book Value
- (s) Bank Premises with a fixed price: As set forth on the Bid
- (t) All other Bank Premises: Market Value
- (u) automated teller machines: Book Value
- (v) Furniture and Equipment: Book Value
- (w) Specialty Assets: Fair Market Value

SCHEDULE 3.5(l)
EXCLUDED SECURITIES
AND
EXCLUDED QUALIFIED FINANCIAL CONTRACTS

EXCLUDED SECURITIES

All securities are excluded and will be retained by the Receiver.

EXCLUDED QUALIFIED FINANCIAL CONTRACTS

All Qualified Financial Contracts are excluded and will be retained by the Receiver.

SCHEDULE 3.5(m)
EXCLUDED OTHER REAL ESTATE
AND
EXCLUDED OTHER REAL ESTATE SUBSIDIARIES

NONE

SCHEDULE 4.1(b)
BANK PREMISES IN UNDERSERVED AREAS

Branch Name	Branch Address	Income Level
Main Office	565 5th Ave New York, NY 10017	Upper
261 Madison Avenue	261 Madison Avenue New York, NY 10017	Upper
Third Branch	950 Third Avenue New York, NY 10022	Upper
Remson Branch	26 Court Street And Remson Street Brooklyn, NY 11242	Upper
300 Park Avenue Branch	485 Madison Avenue New York, NY 10022	Unknown
111 Broadway Branch Office	111 Broadway Suite 903 New York, NY 10006	Upper
1-C Quaker Ridge Road Branch	1-C Quaker Ridge Road New Rochelle, NY 10804	Upper
Rockville Centre Branch	53 North Park Avenue Rockville Centre, NY 11570	Middle
Melville Branch	68 South Service Road Melville, NY 11747	Middle
923 Broadway	923 Broadway Woodmere, NY 11598	Upper
36-36 33rd Street Long Island City	36-36 33rd Street Long Island City, NY 11106	Middle
Hunst Point Avenue Branch Office	1360 East Bay Avenue Bronx, NY 10474	Unknown
Hamilton Avenue Branch	360 Hamilton Avenue, Reckson Metro Center, White Plains, NY 10601	Upper
Park Avenue South Branch	200 Park Avenue South, New York, NY 10003	Upper
Madison Avenue Office	1020 Madison Avenue New York, NY 10021	Upper
Great Neck Branch	40 Cuttermill Road Great Neck, NY 11021	Middle
Jackson Heights Branch	78-37 37th Street Jackson Heights, NY 11372	Middle
New Utrecht Avenue Branch	6321 New Utrecht Avenue Brooklyn, NY 11219	Moderate
Jericho Branch	100 Jericho Quadrangle Jericho, NY 11753	Upper
Staten Island Branch	2066 Hylan Blvd. Staten Island, NY 10306	Middle
West 57th Street Branch	50 West 57th Street New York, NY 10019	Upper
Sutphin Blvd. Branch	89-36 Sutphin Blvd. Jamaica, NY 11435	Moderate
1400 Broadway Branch Office	1400 Broadway New York, NY 10018	Unknown
185 Broadway Branch Office	185 Broadway Brooklyn, NY 11211	Low
Hauppauge Branch	360 Motor Parkway Hauppauge, NY 11788	Middle
1688 Victory Blvd Branch	1688 Victory Blvd Ste 301 Staten Island, NY 10314	Upper
Queens Blvd	118-35 Queens Blvd. Forest Hills, NY 11375	Upper
Greenwich Branch	75 Holly Hill Lane Greenwich, CT 06830	Moderate

		te
Third Avenue Branch	9003 Third Avenue Brooklyn, NY 11209	Middle
Garden City Branch	900 Stewart Avenue Garden City, NY 11530	Middle
201 Mission Street, Suite 2600	201 Mission Street San Francisco, CA 94105	Unknown
Charlotte Branch Office	121 West Trade Street, Suite 1150, Charlotte, NC 28202	Upper
Woodland Hills Branch Office	21255 Burbank Blvd., Suite 320, Woodland Hills, CA 91367	Upper
Ontario Branch Office	3257 E. Guasti Road, Suite 320, Ontario, CA 91761	Upper
Durham Branch Office	110 Corcoran Street Durham, NC 27701	Upper
Newport Beach Branch Office	100 Bayview Circle Suite 3400 Newport Beach, CA 92660	Upper
Beverly Hills Branch	9665 Wilshire Boulevard Suite 300 Beverly Hills, CA 90212	Upper
El Segundo Branch Office	1960 E. Grand Avenue Suite 1100 El Segundo, CA 90245	Unknown
San Jose Branch Office	111 W. St. John Street Suite 1120 San Jose, CA 95113	Middle
Reno Branch Office	100 W. Liberty Street Suite 190 Reno, NV 89501	Unknown
	Total - 40; Upper - 20; Middle - 10; Moderate - 3; Unknown - 6; Low - 1	

SCHEDULE 6.3
DATA RETENTION CATALOG

FDIC Failed Bank Data Services (FBDS)	
Acquirer Data Retention Catalog	
Version 3.01	
Failed Institution	
<i>Name</i>	<input type="text"/>
<i>Data Center Address</i>	<input type="text"/>
Assuming Institution	
<i>Name</i>	<input type="text"/>
<i>Address</i>	<input type="text"/>
DRC Preparation Date	
DRC Preparer's Contact	
<i>Name</i>	<input type="text"/>
<i>Designation</i>	<input type="text"/>
<i>Phone</i>	<input type="text"/>
<i>Email</i>	<input type="text"/>
Alternate Contact for Subsequent Data Requests (if different from above)	
<i>Name</i>	<input type="text"/>
<i>Phone</i>	<input type="text"/>
<i>Email</i>	<input type="text"/>
Instructions	
<ol style="list-style-type: none">1. Provide preparer's contact information and Bank information on the "Cover Page" tab.2. Provide point of contact and desired procedure for data requests on the "Data Request Procedure" Tab.3. Provide the requested application retention details on "Data Retention" tab of this workbook.<ol style="list-style-type: none">a. Update provided application list with any additional systems that were not includedb. Select the most appropriate value from the drop down list when the list is provided with applicable column.	
<i>If you need additional clarification while recording the information, please call Jeff Baer (FDIC) at 703-516-1256 or Ericka Gilbert (FDIC) at (214) 362-2367. Send the final copy of this document to Jay Brown JameBrown@FDIC.gov.</i>	

Example of Information Required

Application Classification

Application Name	Sub-Category	Business Usage	Vendor	Data exists in the Core Banking application ?	Explain if partial data exists in Core Banking application	Hosting Platform
Provide the name of the application.	Select the most appropriate category represented by the application.	Describe the business uses and key processes supported by the application	Provide the name of the vendor.	Indicate whether the application data also exists in the core banking application	Provide an explanation if partial data exist in the core banking application	Select the deployment model of the application.

Time Duration for Application in Operation		Time Duration for Online Data		Time Duration for Offline Data		Offline Data Details
From	To	From	To	From	To	
Provide the time duration (Month & Year) for which the application is operation.		Provide the time duration (Month & Year) for which data is available online.		Provide the time duration (Month & Year) for which data is available offline		Select the appropriate mechanism representing the offline data.

Electronic Data Retention Plan

Acquirer Plan	Migration Details		Decommission Schedule	Comments
Select the most appropriate option that defines the acquirer plan for the application.	Provide the details of data being migrated to the target system (type of data, volume,	Provide details of the data not being migrated to the	Select the appropriate timeline if application decommissioning is planned in future.	Provide any additional comments related to the retention plans associated with

	<i>and date range).</i>	<i>target system.</i>	<i>the application's data</i>
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SCHEDULE 7

This schedule is NOT APPLICABLE.

Failed Bank Accounts Excluded from Calculation of Deposit Franchise Bid Premium

The accounts identified below will pass to the Assuming Institution (unless otherwise noted). When calculating the premium to be paid on Assumed Deposits in a purchase and assumption transaction, the FDIC will exclude the following categories of deposit accounts:

Category	Description	Amount
I	Non-DTC Brokered Deposits	\$_____,_____.____
II	Non-Brokered Reciprocal Deposits and Non- Brokered Sweep Deposits	\$_____,_____.____
III	Listing Service Deposits	\$_____,_____.____
	<i>Total deposits excluded from calculation of premium</i>	\$_____,_____.____

Category Description

I. Brokered Deposits

Brokered deposits are deposits obtained, directly or indirectly, from or through the mediation or assistance of a deposit broker.

The FDIC separates brokered deposit accounts into two categories: 1) Cede & Co as Nominee for Depository Trust Company (DTC) and 2) Non-DTC Brokered Deposits. The FDIC makes this distinction to facilitate its role as Receiver and Insurer.

Non-DTC Brokered Deposits pass to the Assuming Institution, but they are excluded from Assumed Deposits when the deposit premium is calculated. Please see the attached "Schedule 7 – Non-DTC Broker Deposit Detail Report" for a listing of these accounts. This list will be updated post-closing with balances as of the Bank Closing Date.

If [Failed Bank] had any brokered deposit accounts with Cede & Co as Nominee for DTC, they are excluded from Assumed Deposits in the Purchase and Assumption Agreement.

II. Non-Brokered Reciprocal Deposits and Non-Brokered Sweep Deposits

Non-brokered reciprocal deposits and non-brokered sweep deposits pass to the Assuming Institution, but they are excluded from Assumed Deposits when the deposit premium is calculated.

[Failed Bank] did not participate in any network program as of the date of the deposit download. If non-brokered deposits are taken between the date of the deposit download and the Bank Closing Date, they will be identified post-closing and made part of Schedule 7 to the Purchase and Assumption Agreement.

III. Listing Service Deposits

Listing service deposits are deposits that may have been solicited via a money desk, internet subscription service (for example, QwickRate®), or similar programs.

[Failed Bank] does have QwickRate® deposits as identified above. [Please see the attached “Schedule 7 – QwickRate® Deposit Detail Report” for a listing of these accounts as of , 20 .] This list will be updated post-closing with balances as of the Bank Closing Date.

This schedule provides account categories and balances as of the date of the deposit download, or as indicated. The deposit franchise bid premium will be calculated using account categories and balances as of the Bank Closing Date that are reflected in the general ledger or subsystem as described above. The final numbers for Schedule 7 will be provided post-closing.

[NOTE: ATTACH APPLICABLE REPORTS to Schedule 7: Deposit Detail Report, Non-DTC Brokered, Non-Brokered reciprocal deposits, Non-Brokered Sweep Accounts and Listing Service Deposits]

EXHIBIT 2.3A

FINAL LEGAL NOTICE
Claiming Requirements for Deposits
Under 12 U.S.C. 1822(e)

[Date]

[Name of Unclaimed Depositor]
[Address of Unclaimed Depositor]
[Anytown, USA]

Subject: [XXXXX – Name of Bank
City, State – In Receivership]

Dear [Sir/Madam]:

As you may know, on [Date: Closing Date], the [Name of Bank (“The Bank”)] was closed and the Federal Deposit Insurance Corporation (“FDIC”) transferred [The Bank’s] accounts to [Name of Assuming Institution].

According to federal law under 12 U.S.C., 1822(e), on [Date: eighteen months from the Closing Date], [Name of Assuming Institution] must transfer the funds in your account(s) back to the FDIC if you have not claimed your account(s) with [Name of Assuming Institution]. Based on the records recently supplied to us by [Name of Assuming Institution], your account(s) currently fall into this category.

This letter is your formal Legal Notice that you have until [Date: eighteen months from the Closing Date], to claim or arrange to continue your account(s) with [Name of Assuming Institution]. There are several ways that you can claim your account(s) at [Name of Assuming Institution]. It is only necessary for you to take any one of the following actions in order for your account(s) at [Name of Assuming Institution] to be deemed claimed. In addition, if you have more than one account, your claim to one account will automatically claim all accounts:

1. Write to [Name of Assuming Institution] and notify them that you wish to keep your account(s) active with them. Please be sure to include the name of the account(s), the account number(s), the signature of an authorized signer on the account(s), name, and address. [Name of Assuming Institution] address is:

[123 Main Street
Anytown, USA]

2. Execute a new signature card on your account(s), enter into a new deposit agreement with [Name of Assuming Institution], change the ownership on your account(s), or renegotiate the terms of your certificate of deposit account(s) (if any).

3. Provide [Name of Assuming Institution] with a change of address form.
4. Make a deposit to or withdrawal from your account(s). This includes writing a check on any account or having an automatic direct deposit credited to or an automatic withdrawal debited from an account.

If you do not want to continue your account(s) with [Name of Assuming Institution] for any reason, you can withdraw your funds and close your account(s). Withdrawing funds from one or more of your account(s) satisfies the federal law claiming requirement. If you have time deposits, such as certificates of deposit, [Name of Assuming Institution] can advise you how to withdraw them without being charged an interest penalty for early withdrawal.

If you do not claim ownership of your account(s) at [Name of Assuming Institution by Date: eighteen months from the Closing Date] federal law requires [Name of Assuming Institution] to return your deposits to the FDIC, which will deliver them as unclaimed property to the state indicated in your address in the Failed Institution's records. If your address is outside of the United States, the FDIC will deliver the deposits to the state in which the Failed Institution had its main office. 12 U.S.C. § 1822(e). If the state accepts custody of your deposits, you will have 10 years from the date of delivery to claim your deposits from the state. After 10 years, you will be permanently barred from claiming your deposits. However, if the state refuses to take custody of your deposits, you will be able to claim them from the FDIC until the receivership is terminated. If you have not claimed your insured deposits before the receivership is terminated, and a receivership may be terminated at any time, all of your rights in those deposits will be barred.

If you have any questions or concerns about these items, please contact [Bank Employee] at [Name of Assuming Institution] by phone at [(XXX) XXX-XXXX].

Sincerely,

[Name of Claims Specialist]
[Title]

EXHIBIT 2.3B

AFFIDAVIT OF MAILING

STATE OF

COUNTY OF

I am employed as a [Title of Office] by the [Name of Assuming Institution].

This will attest that on [Date of mailing], I caused a true and correct copy of the Final Legal Notice, attached hereto, to owners of unclaimed deposits of [Name of Failed Bank], City, State, to be prepared for deposit in the mail of the United States of America on behalf of the Federal Deposit Insurance Corporation. A list of depositors to whom the notice was mailed is attached. This notice was mailed to the depositor's last address as reflected on the books and records of the [Name of Failed Bank] as of the date of failure.

[Name]
[Title of Office]
[Name of Assuming Institution]

Subscribed and sworn to before me this _____ day of [Month, Year].

My commission expires:

[Name], Notary Public

EXHIBIT 4.8(C)
EMPLOYEE RETENTION AGREEMENTS

Dear Colleagues,

We know the past few days have been challenging, so I wanted to take a moment and reach out to this group specifically. Each of you plays a vital role in our business.

First, I want to assure you that the senior leadership changes have been completed and that we have no plans for further action at this time. **This means you – and all our other colleagues – will continue to be employed by the Bank and remain eligible for benefits for the foreseeable future.** Second, we want to recognize you for the extraordinary contributions you are making to the business.

I cannot emphasize enough your importance to keeping the Bank a valuable and viable operation. We want to provide financial recognition for the effort and focus we all need to bring to our jobs in the coming weeks. This will come in the form of two cash Retention Payments, subject to your remaining employed by the bank on April 24, 2023, to qualify for the first payment, and May 22, 2023, to qualify for the second payment:

- The first half will be paid to you the week of April 24.
- The second half will be paid the week of May 22.

In the coming weeks, we'll provide you with the details of your individual compensation plan. If you have further questions about this, please reach out to Ana M. Harris, Chief Human Resources Officer, Senior Vice President (SVP), so that we can aggregate your questions to respond to as many as possible.

While the process of seeking strategic alternatives for the Bank continues, it's crucial that our operations continue to run smoothly and that we demonstrate the resilience and value of our organization by remaining focused on our work, reassuring our customers, and providing support to each other. Doing this is in the best interests of the Bank and each of you.

NOTE: In adherence with our social media policy, we remind you not to post, comment, or engage with others online regarding Signature on your personal accounts. In addition, do not engage with members of the media or press. You may refer media inquiries to Brian Wyremski, SVP & Director of Investor Relations and Corporate Development.

At this time, a select group of individuals is participating in this Retention Plan, so it is important to keep this information confidential. Thank you for your professionalism and continued dedication to the Bank and its customers.

Regards,

Greg Carmichael

Greg D. Carmichael | *Chief Executive Officer*
SIGNATURE BRIDGE BANK, N.A.
565 Fifth Ave, 8th Floor, New York, NY 10017
GCarmichael@signatureNY.com

 | SIGNATURE BRIDGE BANK, N.A.

Dear Colleagues,

We know the past few days have been very challenging, so I wanted to take a moment and reach out to you to recognize the vital role you play in our business and the extraordinary contributions you are making.

I cannot emphasize enough your importance to keeping the Bank a valuable and viable operation. We want to provide financial recognition for the effort and focus we all need to bring to our jobs in the coming weeks. This will come in the form of cash Retention Payments equal to 50% of your weekly base salary for each week you work through May 31. To receive these payments, you must remain employed by the bank on April 28, 2023, to qualify for the first payment, and May 31, 2023, to qualify for the second payment:

- The first payment will be made on or about April 28, 2023.
- The second payment will be made on or about May 31, 2023.

If you have further questions about this, submit them through the Signature Bridge Bank Colleague FAQ space on the intranet so that we can aggregate your questions to respond to as many as possible.

While the process of seeking strategic alternatives for the Bank continues, it's crucial that our operations continue to run smoothly and that we demonstrate the resilience and value of our organization by remaining focused on our work, reassuring our customers, and providing support to each other. Doing this is in the best interests of the Bank and each of you.

NOTE: In adherence with our social media policy, we remind you not to post, comment, or engage with others online regarding Signature on your personal accounts. In addition, do not engage with members of the media or press. You may refer media inquiries to Brian Wyremski, SVP & Director of Investor Relations and Corporate Development.

At this time, a select group of individuals is participating in this Retention Plan, so it is important to keep this information confidential. Thank you for your professionalism and continued dedication to the Bank and its customers.

Regards,

Greg Carmichael

Greg D. Carmichael | Chief Executive Officer
SIGNATURE BRIDGE BANK, N.A.
565 Fifth Ave, 8th Floor, New York, NY 10017
GCarmichael@signatureNY.com



SIGNATURE BRIDGE BANK, N.A.

EXHIBIT 4.13

INTERIM ASSET SERVICING ARRANGEMENT

This Interim Asset Servicing Arrangement is made pursuant to and as of the date of that certain Purchase and Assumption Agreement (the “**Purchase and Assumption Agreement**”) among the Receiver, the Assuming Institution, and the Corporation, to which this Arrangement is attached. Capitalized terms used and not otherwise defined in this Exhibit 4.13 will have the meanings assigned to those terms in the Purchase and Assumption Agreement.

(a) With respect to each asset or liability designated from time to time by the Receiver to be serviced by the Assuming Institution pursuant to this Interim Asset Servicing Arrangement (the “**Arrangement**”), including any assets or liabilities sold or conveyed by the Receiver to any party other than the Assuming Institution (each party, a “**Successor Owner**”) but with respect to which the Receiver has an obligation to service or provide servicing support (those assets and liabilities, the “**Pool Assets**”), for certain loans (the “**Loans**”) during the term of this Arrangement the Assuming Institution will service or provide servicing support to the Pool Assets as described in this Exhibit 4.13.

If the Assuming Institution is an approved or qualified servicer for any government-sponsored entity (each, a “**GSE**”), and if any of the Loans are owned by a GSE, the Assuming Institution will service or provide servicing support for the Loans owned by a GSE in accordance with the guidelines promulgated by and its agreements with the applicable GSE. If the Assuming Institution is not an approved or qualified servicer for a GSE or the Loans are not owned by a GSE, then the Assuming Institution will service or provide servicing support for the Loans in accordance with the following:

- (i) promptly post and apply payments received to the applicable system of record;
- (ii) reverse and return insufficient funds checks;
- (iii) pay (A) participation payments to participants in Loans, as and when received; (B) tax and insurance bills, as they come due, out of any escrow funds maintained for those purposes; and (C) unfunded commitments and protective advances out of any escrow funds created for those purposes;
- (iv) process funding draws under Loans and protective advances in connection with collateral and acquired property, in each case, as and to the extent authorized and funded by the Receiver;
- (v) maintain in use all data processing equipment and systems and other systems of record on which any activity with respect to any Pool Assets are, or prior to the Bank Closing Date, were, recorded, and maintain all historical data on those systems as of the Bank Closing Date and not, without the express consent of the Receiver (which consent must be sought

at least sixty (60) days prior to taking any action), deconvert, remove, transfer or otherwise discontinue use of any of the Failed Bank's systems of record with respect to any Pool Asset;

(vi) maintain accurate records reflecting (A) payments received by the Assuming Institution, (B) information received by the Assuming Institution concerning changes in the address or identity of any Obligor and (C) other servicing actions taken by the Assuming Institution, including checks returned for insufficient funds;

(vii) send (A) billing statements to Obligors on Pool Assets (to the extent that those statements were sent by the Failed Bank or as are requested by the Receiver) and (B) notices to Obligors who are in default on Loans (in the same manner as the Failed Bank or as are requested by the Receiver);

(viii) employ a sufficient number of qualified employees to provide the services required to be provided by the Assuming Institution pursuant to this Arrangement (with the number and qualifications of those employees to be not less than the number and qualifications of employees employed by the Failed Bank to perform those functions as of the Bank Closing Date);

(ix) hold in trust any Credit Files and any servicing files in the possession or on the premises of the Assuming Institution for the Receiver or the Successor Owner (as applicable) and segregate from the other books and records of the Assuming Institution and appropriately mark those Credit Files and servicing files to clearly reflect the ownership interest of the Receiver or the successor owner (as applicable);

(x) send to the Receiver (indicating closed bank name and number), Attn: Interim Servicing Manager, at the email address provided in Section 13.6 of the Purchase and Assumption Agreement, or to another person at the address the Receiver designates, via overnight delivery: (A) on a weekly basis, weekly reports, including reports reflecting collections and trial balances, and (B) any other reports, copies, or information as may be requested from time to time by the Receiver, including, if requested, copies of (1) checks or other remittances received, (2) insufficient funds checks returned, (3) checks or other remittances for payment to participants or for taxes, insurance, funding advances, and protective advances, (4) pay-off requests, and (5) notices to defaulted Obligors;

(xi) remit on a weekly basis to the Receiver (indicating closed bank name and number), Attn: DRR Cashier Unit, Business Operations Support Branch, in the same manner as provided in paragraph (a)(x), via wire transfer to the account designated by the Receiver, or to any other person at an address or account as the Receiver may designate, all payments received;

(xii) prepare and timely file all information reports with appropriate tax authorities (and send copies of those information reports to the applicable taxpayers), and, if requested by the Receiver, prepare and file tax returns and remit taxes due on or before the due date;

(xiii) provide and furnish additional services, operations, or functions, including, without limitation, with regard to any business, enterprise, or agreement that is a Pool Asset, as may be requested by the Receiver;

(xiv) establish a custodial account for the Receiver and for each successor owner at the Assuming Institution, each of which will be interest bearing, titled in the name of Assuming Institution, in trust for the Receiver or the successor owner (as applicable), in each case as the owner, and segregate and hold all funds collected and received with respect to the Pool Assets separate and apart from any of the Assuming Institution's own funds and general assets; and

(xv) no later than the end of the second Business Day following receipt thereof, deposit into the applicable custodial account and retain therein all funds collected and received with respect to the Pool Assets.

Notwithstanding anything to the contrary in this Exhibit, the Assuming Institution will not be required to initiate litigation or other collection proceedings against any Obligor or any collateral with respect to any defaulted Loan. The Assuming Institution will promptly notify the Receiver, at the address referred to above in paragraph (a)(x), of any claims or legal actions regarding any Pool Asset.

(b) In consideration for the provision of the services provided pursuant to this Arrangement, the Receiver agrees to reimburse the Assuming Institution for the actual, reasonable, and necessary expenses incurred in connection with the performance of its duties pursuant to this Arrangement, including shared services of photocopying, postage, express mail, core data processing (allocated on a per loan basis based on historical actual costs) and amounts paid for employee services (based upon the number of hours spent performing servicing duties).

(c) The Assuming Institution will provide the services described herein for a term of up to three hundred sixty-five (365) days after the Bank Closing Date. The Receiver may terminate the Arrangement at any time upon not less than sixty (60) days' notice to the Assuming Institution without any liability or cost to the Receiver other than the fees and expenses due to the Assuming Institution as of the termination date pursuant to paragraph (b) above.

(d) At any time during the term of this Arrangement, the Receiver may, upon not less than thirty (30) days' prior written notice to the Assuming Institution, remove one or more Pool Assets, and at the time of that removal the Assuming Institution's responsibility for the removed Pool Assets will terminate.

(e) At the expiration of this Arrangement or upon the termination of the Assuming Institution's responsibility with respect to any Pool Asset pursuant to paragraph (d) above, the Assuming Institution will:

(i) deliver to the Receiver (or its designee) all of the Credit Documents and records relating to the Pool Assets; and

(ii) cooperate with the Receiver to facilitate the orderly transition of managing the Pool Assets to the Receiver or its designees (including its contractors and persons to which any Pool Assets are conveyed).

(f) At the request of the Receiver, the Assuming Institution will perform those transitional services with regard to the Pool Assets as the Receiver may request. Transitional services may include assisting in any due diligence process deemed necessary by the Receiver and providing to the Receiver and its designees (including its contractors and any actual or potential successor owners) (i) information and data regarding the Pool Assets, including system reports and data downloads sufficient to transfer the Pool Assets to another system or systems and to facilitate due diligence by actual and potential successor owners, and (ii) access to employees of the Assuming Institution involved in the management of, or otherwise familiar with, the Pool Assets.

(g) Until the time the Arrangement expires or is terminated, without limitation of its obligations set forth above or in the Purchase and Assumption Agreement and without any additional consideration (other than that set forth in paragraph (b) above), the Assuming Institution will provide the Receiver and its designees (including its contractors and actual and potential successor owners) with the following, as the same may be requested:

(i) access to and the ability to obtain assistance and information from personnel of the Assuming Institution, including former personnel of the Failed Bank and personnel of third party consultants;

(ii) access to and the ability to use and download information from data processing systems and other systems of record on which information regarding Pool Assets or any assets transferred to or liabilities assumed by the Assuming Institution is stored or maintained (regardless of whether information with respect to other assets or liabilities is also stored or maintained thereon); and

(iii) access to and the ability to use and occupy office space (including parking facilities and vault space), facilities, utilities (including local telephone service and facsimile machines), furniture, equipment (including photocopying and facsimile machines), and technology and connectivity (including email accounts, network access and technology resources such as shared drives) in the Bank Premises occupied by the Assuming Institution.

EXHIBIT 7
EQUITY APPRECIATION INSTRUMENT

Form of Equity Appreciation Instrument

THIS EQUITY APPRECIATION INSTRUMENT AND ANY OTHER SECURITIES ACQUIRED UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS. THIS EQUITY APPRECIATION INSTRUMENT AND SUCH OTHER SECURITIES MAY BE TRANSFERRED ONLY IN COMPLIANCE WITH THE CONDITIONS SPECIFIED HEREIN.

EQUITY APPRECIATION INSTRUMENT

Issue Date: March 20, 2023

1. **Definitions.** Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated.

“*Average VWAP*” means during any period, the arithmetic average of VWAP for each trading day during that period.

“*Board*” means the Board of Directors of the Company.

“*Business Day*” means any day except Saturday, Sunday or any day which shall be a legal holiday or a day on which banking institutions in the City and State of New York generally are authorized or required by law or other governmental actions to close.

“*Common Stock*” means the Company's common stock, par value \$0.01 per share.

“*Company*” means New York Community Bancorp, Inc., a Delaware corporation.

“*Determination Price*” means the Average VWAP of the Common Stock over the two New York Stock Exchange Trading Days immediately prior to the earliest date on which the Notice of Exercise is delivered, by email, to the Company as set forth in Section 3.

“*Equity Appreciation Instrument*” means this Equity Appreciation Instrument, issued to the Holder pursuant to the Purchase and Assumption Agreement.

“*Exercise Price*” means \$6.54.

“*Expiration Time*” has the meaning given to it in Section 3.

“*FDIC*” means the Federal Deposit Insurance Corporation, in its corporate capacity.

“*FDIC Receiver*” means the Federal Deposit Insurance Corporation as receiver for Signature Bridge Bank National Association.

“*Holder*” has the meaning given to it in Section 2.

“*New York Stock Exchange Trading Day*” means any day on which the New York Stock Exchange is open for trading and the Common Stock is traded.

“*Person*” has the meaning given to it in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

“*Purchase and Assumption Agreement*” means the Purchase and Assumption Agreement by and among Flagstar Bank, N.A., the FDIC and FDIC Receiver, dated March 20, 2023.

“SEC” means the United States Securities and Exchange Commission.

“*Spread Amount*” has the meaning given to it in Section 3.

“*Subject Stock*” has the meaning given to it in Section 2.

“*VWAP*” means, for any day, the per share volume weighted average price of the Company’s Common Stock on the New York Stock Exchange from 9:30 a.m. to 4:00 p.m., New York City time, on that day as displayed under the heading Bloomberg VWAP on Bloomberg Page NYB <equity> AQR (or its equivalent successor page if such page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such volume weighted average price is unavailable, the market price of one share of Common Stock on such trading day determined, using a volume weighted average method, by a nationally recognized investment banking firm retained by the Company for this purpose).

2. Number of Subject Stock. This certifies that, for value received, the FDIC Receiver or its registered assigns (the “*Holder*”) is entitled, upon the terms and subject to the conditions hereinafter set forth, to acquire from the Company, in whole, the number of fully paid and nonassessable shares of Common Stock as determined as set forth in Section 3 (the “*Subject Stock*”).

3. Exercise of Equity Appreciation Instrument; Term. To the extent permitted by applicable laws and regulations, the right to purchase the Subject Stock represented by this Equity Appreciation Instrument is exercisable, in whole, by the Holder, on any New York Stock Exchange Trading Day prior to 11:00 a.m., New York City time, on or after March 20, 2023, but in no event later than 11:00 a.m., New York City time, on March 31, 2023 (the “Expiration Time”), by submission of an electronic mail copy of a Notice of Exercise in the form attached hereto, duly completed and executed on behalf of the Holder, to John Pinto, Chief Financial Officer, at John.Pinto@myNYCB.com, with a copy to Patrick Quinn, General Counsel & Corporate Secretary, at Patrick.Quinn@myNYCB.com, to be followed by the surrender of the Equity Appreciation Instrument and the original copy of the executed Notice of Exercise, such original documents to be delivered by overnight courier to the office of the Company at 102 Duffy Avenue, Hicksville, New York 11801 (or such other office or agency of the Company in the United States as the Company may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company). Notwithstanding anything in this Equity Appreciation Instrument to the contrary, upon exercise the Holder shall only be entitled to receive in settlement of this Equity Appreciation Instrument a number of shares of Common Stock equal to the Spread Amount divided by the Determination Price. The Spread Amount shall mean the lesser of (A) three hundred million dollars (\$300,000,000) and (B) the product of (x) three hundred million (300,000,000) and (y) the amount by which the Determination Price exceeds the Exercise Price. If the Determination Price does not exceed the Exercise Price, the Spread Amount shall be zero (0), and no Common Stock shall be issuable hereunder; provided, that the Spread Amount will be automatically reduced to the extent necessary to prevent the Holder from obtaining shares representing more than 9.9% of the total voting equity of the Company. If this Equity Appreciation

Instrument is not exercised by the Holder before the Expiration Time, it shall be of no further force and effect.

The Holder may only exercise this Equity Appreciation Instrument in whole and not in part.

4. **Issuance of Subject Stock; Authorization; Listing.** Certificates for Subject Stock issued upon exercise of this Equity Appreciation Instrument will be issued in such name or names as the Holder may designate and will be delivered to such named Person or Persons within a reasonable time, not to exceed three Business Days after the date on which this Equity Appreciation Instrument has been duly exercised in accordance with the terms of this Equity Appreciation Instrument. Upon the request of the Holder, the Company will cause the Subject Stock to be issued in book-entry form. The Company hereby represents and warrants that any Subject Stock issued upon the exercise of this Equity Appreciation Instrument in accordance with the provisions of this Equity Appreciation Instrument will be duly and validly authorized and issued, fully paid and nonassessable and free from all taxes, liens and charges (other than liens or charges created by the Holder or taxes in respect of any transfer occurring contemporaneously therewith). The Company agrees that the Subject Stock so issued will be deemed to have been issued to the Holder as of the close of business on the date on which this Equity Appreciation Instrument and a Notice of Exercise are delivered to the Company in accordance with the terms of this Equity Appreciation Instrument, notwithstanding that the stock transfer books of the Company may then be closed or certificates representing such Subject Stock may not be actually delivered on such date. The Company will at all times reserve and keep available out of its authorized but unissued Common Stock, solely for the purpose of providing for the exercise of this Equity Appreciation Instrument, the aggregate number of shares of Common Stock then issuable upon exercise of this Equity Appreciation Instrument. The Company will (i) procure, at its sole expense, the listing of the Subject Stock, subject to issuance or notice of issuance on all stock exchanges on which the Common Stocks are then listed or traded, and (ii) maintain the listing of such Subject Stock after issuance. The Company will use commercially reasonable efforts to ensure that the Subject Stock may be issued without violation of any applicable law or regulation or of any requirement (including the requirements of Section 12(b) of the Securities Exchange Act of 1934) of any securities exchange on which the Subject Stock, as the case may be, are listed or traded. The Holder agrees to hold the Subject Stock and not transfer such shares until April 28, 2023 (“First Sale Date”) and will use all reasonable efforts to sell all Subject Stock by no later than the fortieth (40) day after the First Sale Date (“Last Sale Date” and such period, the “Sales Period”); provided that the Company complies with its obligations under Section 6 below. To the extent that, despite the efforts described above and in Section 6, the Holder is unable to sell the Subject Stock during the Sales Period, the Holder and the Company agree to use reasonable efforts to complete the sale as promptly as practical after the Sales Period, taking into account any customary blackout periods or other legal restrictions on use of the Company’s registration statement for such sales.

5. **No Fractional Subject Stock or Scrip.** No fractional share of Subject Stock or scrip representing a fractional share of Subject Stock shall be issued upon any exercise of this Equity Appreciation Instrument. In lieu of any fractional Subject Stock to which the Holder would otherwise be entitled, the Holder shall be entitled to receive a cash payment equal to the product of the Determination Price and such fractional share of Subject Stock. The Holder expressly waives

the right to receive any fractional Subject Stock upon exercise of this Equity Appreciation Instrument.

6. Registration, Sales Efforts. During the Sales Period, the Company shall take all actions necessary to prepare and file with the SEC a registration statement covering the Subject Stock, or to designate the Holder as a selling shareholder under an existing shelf registration statement. The Company shall take all actions necessary to keep such registration statement effective at all times during the Sales Period. The Holder agrees to provide the Company all information pertaining to the Holder and its sale of Subject Stock required to be included in the registration statement. The Company agrees to use its best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a registration statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Subject Stock for sale in any jurisdiction, at the earliest practicable moment. To the extent necessary for selling efforts, the Company agrees to (i) make senior management reasonably available for diligence calls with potential purchasers, (ii) seek its accountants to provide a customary comfort letter if provided in similar offerings and (iii) seek its internal or external counsel to provide customary opinions for similar offerings. In connection with any such offering, the Company shall provide customary indemnification to the Holder and the FDIC, the FDIC Receiver and each of their officers, directors, employees and agents.

7. No Rights as Shareholders; Transfer Books. This Equity Appreciation Instrument does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the date of exercise hereof. The Company will at no time close its transfer books against transfer of this Equity Appreciation Instrument in any manner which interferes with the timely exercise of this Equity Appreciation Instrument.

8. Charges, Taxes and Expenses. Issuance of certificates for Subject Stock to the Holder upon the exercise of this Equity Appreciation Instrument shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company.

9. Transfer/Assignment. This Equity Appreciation Instrument and all rights hereunder may be transferred by the FDIC Receiver or any Holder, in whole but not in part, without the prior written consent of the Company and without any other contractual restriction.

10. Exchange and Registry of Equity Appreciation Instrument. The Company shall maintain a registry showing the name and address of the Holder as the registered holder of this Equity Appreciation Instrument. This Equity Appreciation Instrument may be surrendered for exercise, in accordance with its terms, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding day that is a Business Day.

12. Governing Law. This Equity Appreciation Instrument shall be binding upon the parties hereto and to any permitted assigns. This Equity Appreciation Instrument shall be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and, insofar as there may be no applicable federal law, shall be governed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such state. Each of the Company, the FDIC Receiver and the FDIC agrees (a) to submit to the exclusive jurisdiction and venue of the federal courts located in the Southern District of New York for any action, suit or proceeding arising out of or relating to this Equity Appreciation Instrument or the transactions contemplated hereby, and (b) that notice may be served upon the Company at the address in Section 14 below and upon the FDIC Receiver and the FDIC at the address for the Holder set forth in the registry maintained by the Company pursuant to Section 10 hereof. To the extent permitted by applicable law, each of the Company, the FDIC Receiver and the FDIC hereby unconditionally waives trial by jury in any legal action or proceeding relating to the Equity Appreciation Instrument or the transaction contemplated hereby or thereby.

13. Amendments. This Equity Appreciation Instrument may be amended and the observance of any term of this Equity Appreciation Instrument may be waived only, in the case of an amendment, with the written consent of the Company and the Holder, or in the case of a waiver, by the party against whom the waiver is to be effective.

14. Notices. All notices hereunder shall be in writing and shall be effective (A) on the day on which delivered if delivered personally or transmitted by electronic mail or telex or telegram or telecopier with evidence of receipt, (B) one Business Day after the date on which the same is delivered to a nationally recognized overnight courier service with evidence of receipt, or (C) five Business Days after the date on which the same is deposited, postage prepaid, in the U.S. mail, sent by certified or registered mail, return receipt requested, and addressed to the party to be notified at the address indicated below for the Company, or at the address for the Holder as well as for the FDIC set forth in the registry maintained by the Company pursuant to Section 10, or at such other address and/or telecopy or telex number and/or to the attention of such other person as the Company or the Holder may designate by ten-day advance written notice.

If to the Company, to:

New York Community Bancorp, Inc.
102 Duffy Avenue
Hicksville, New York 11801
Attn: R. Patrick Quinn
Senior Executive Vice President, General Counsel and Corporate Secretary

Email: R.Patrick.Quinn@mynycb.com

with a copy to (which copy alone shall not constitute notice):

Sullivan & Cromwell LLP
125 Broad Street

New York, New York 10004
Attn: Mark J. Menting
Jared M. Fishman

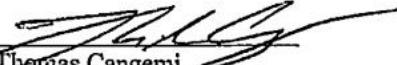
Email: mentingm@sullcrom.com
fishmanj@sullcrom.com

15. Entire Agreement. This Equity Appreciation Instrument and the forms attached hereto, and the Purchase and Assumption Agreement, contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Equity Appreciation
Instrument to be executed by a duly authorized officer as of the Issue Date Written above.

NEW YORK COMMUNITY BANCORP, INC.

By: 
Name: Thomas Cangemi
Title: President & Chief Executive Officer

Acknowledged and Agreed by:

FEDERAL DEPOSIT INSURANCE CORPORATION

JOHN
CONNEELY
By: CONNEELY

Digitally signed by JOHN
CONNEELY
Date: 2023.03.20 00:19:33
-0400

Name:

Title:

**FEDERAL DEPOSIT INSURANCE CORPORATION, AS RECEIVER OF SIGNATURE BRIDGE BANK,
NATIONAL ASSOCIATION**

JOHN
CONNEELY
By: CONNEELY

Digitally signed by JOHN
CONNEELY
Date: 2023.03.20 00:20:03
-0400

Name:

Title:

[Signature Page to Form of Equity Appreciation Instrument]

Version 13.2 – PURCHASE AND ASSUMPTION AGREEMENT

SIGNATURE BRIDGE BANK, NA
New York, New York

[Form of Notice of Exercise]

Date: _____

TO: New York Community Bancorp, Inc.

RE: Election to Exercise the Equity Appreciation Instrument

The undersigned, pursuant to the provisions set forth in the attached Equity Appreciation Instrument, hereby agrees to exercise the Equity Appreciation Instrument, in whole, in accordance with Sections 2 and 3 thereof.

Holder: _____

By: _____

Name: _____

Title: _____

EXECUTION VERSION

**AMENDMENT NO. 1
TO THE
EQUITY APPRECIATION INSTRUMENT**

This Amendment No. 1, dated March 27, 2023 (this “Amendment”), to the Equity Appreciation Instrument, dated March 20, 2023 (the “Instrument”), is entered into by and among New York Community Bancorp, Inc., the Federal Deposit Insurance Corporation (the “FDIC”) and the FDIC as Receiver for Signature Bridge Bank, National Association.

WHEREAS, in accordance with Section 13 of the Instrument, the parties hereto wish to amend the Instrument as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Instrument, and each reference to a specific Section refers to the particular section in the Instrument. From and after the date of this Amendment, all references to the Instrument shall be deemed to mean the Instrument, as amended by this Amendment.

2. The following language is hereby deleted from Section 3 of the Instrument:

“; provided, that the Spread Amount will be automatically reduced to the extent necessary to prevent the Holder from obtaining shares representing more than 9.9% of the total voting equity of the Company”

3. Effect on Agreement. Except as otherwise provided herein, the Instrument has not been amended or modified in any respect and the Instrument shall remain in full force and effect.

4. Miscellaneous. Sections 12 - 15 of the Instrument are incorporated by reference herein *mutatis mutandis*.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Amendment No. 1 has been executed on behalf of each of the parties hereto as of the date first above written.

NEW YORK COMMUNITY
BANCORP, INC.

By: _____
Name:
Title:

FEDERAL DEPOSIT INSURANCE
CORPORATION

JOHN
By: CONNEELY
Name:
Title:

 Digitally signed by
JOHN CONNEELY
Date: 2023.03.28
17:44:44 -04'00'

FEDERAL DEPOSIT INSURANCE
CORPORATION, as Receiver of
Signature Bridge Bank, National
Association

JOHN
By: CONNEELY
Name:
Title:

 Digitally signed by JOHN
CONNEELY
Date: 2023.03.28 17:45:07
-04'00'

IN WITNESS WHEREOF, this Amendment No. 1 has been executed on behalf of each of the parties hereto as of the date first above written.

NEW YORK COMMUNITY
BANCORP, INC.

By: 
Name: R. Patrick Quinn
Title: General Counsel & Corporate Secretary

FEDERAL DEPOSIT INSURANCE
CORPORATION

By: _____
Name:
Title:

FEDERAL DEPOSIT INSURANCE
CORPORATION, as Receiver of
Signature Bridge Bank, National
Association

By: _____
Name:
Title:

NEW YORK COMMUNITY BANCORP, INC.

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas R. Cangemi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of New York Community Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 10, 2023

BY:

Thomas R. Cangemi
President and Chief Executive Officer

NEW YORK COMMUNITY BANCORP, INC.

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, John J. Pinto, certify that:

1. I have reviewed this quarterly report on Form 10-Q of New York Community Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 10, 2023

BY: _____

John J. Pinto

Senior Executive Vice President and Chief Financial Officer

NEW YORK COMMUNITY BANCORP, INC.

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of New York Community Bancorp, Inc. (the "Company") on Form 10-Q for the period ended on March 31, 2023 as filed with the Securities and Exchange Commission (the "Report"), the undersigned certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

DATE: May 10, 2023

BY:

Thomas R. Cangemi
President and Chief Executive Officer

DATE: May 10, 2023

BY:

John J. Pinto
Senior Executive Vice President and Chief Financial Officer